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Letter dated 14 February 2006 from the Permanent Representative of Afghanistan to the United Nations addressed to the President of the Security Council

I have the honour to enclose herewith the summary report on the Afghanistan National Development Strategy: an Interim Strategy for Security, Governance, Economic Growth and Poverty Reduction, presented by the Islamic Republic of Afghanistan at the London Conference on Afghanistan, held on 31 January and 1 February 2006 (see annex).*

I should be grateful if you could arrange for the enclosed text to be circulated as a document of the Security Council.

(*Signed*) Ravan **Farhâdi**
Ambassador
Permanent Representative

* The annex is reproduced in the language of submission only.

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Annex to the letter dated 14 February 2006 from the Permanent Representative of Afghanistan to the United Nations addressed to the President of the Security Council

AFGHANISTAN
NATIONAL DEVELOPMENT STRATEGY

SUMMARY REPORT

An Interim Strategy For Security, Governance, Economic Growth & Poverty Reduction

PREFACE

This is the Summary Report of the Interim Afghanistan National Development Strategy (I-ANDS). The I-ANDS is the product of twelve-months of intensive consultations within Government and with a wide array of stakeholders, including community and provincial representatives, the *ulama* (learned religious leaders), the private sector, civil society, non-government organizations (NGOs), the United Nations, donors and other members of the international community, senior Afghan policy makers, and government ministries and departments.

The I-ANDS process was led by a Presidential Oversight Committee, chaired by Professor Ishaq Naderi, Senior Economic Advisor to the President. The members included Hedayat Amin Arsala, Senior Advisor to the President and Minister of Commerce, Dr. Abdullah Abdullah, Minister of Foreign Affairs, Dr. Anwar-ul-Haq Ahady, Minister of Finance, Dr. Mir Mohammad Amin Farhang, Minister of Economy, Dr. Zalmai Rasool, National Security Advisor and Mohammad Haneef Atmar, Minister of Rural Rehabilitation and Development. Adib Farhadi, Director of Afghanistan Reconstruction and Development Services, led the I-ANDS working group.

The I-ANDS process began in early 1384 (2005) with discussions of Afghanistan Millennium Development Goals (MDGs). Throughout 1384 (2005/6) the Oversight Committee met almost every week to develop and refine its core positions on the I-ANDS and to oversee the process as it moved forward. Following a presentation of the proposed I-ANDS structure and process in June 1384 (2005), a series of consultations were held with donors, NGOs, private sector and civil society representatives. For each of the eight sectors of the I-ANDS, a consultation draft was then prepared, translated, and discussed with both government ministries and donor representatives. Based upon government and donor reaction to those drafts, the sector and program summaries in the I-ANDS were significantly revised.

As the document has been developed, an External Advisory Group of donors provided informal feedback on the I-ANDS. In the negotiation of the Afghanistan Compact, a series of intensive consultations took place between the international community and the Government of Afghanistan, facilitated by the United Nations. As a result of this process, each benchmark in the Compact has been scrutinized in depth by Government and donor representatives and now represents a consensus set of policy priorities for the I-ANDS.

This document is the Summary Report of the I-ANDS, which comprises three Volumes. Volume I lays out our overall policy objectives; analyzes the context of and constraints to the achievement of those objectives; summarizes Government's key strategies and programs; and reviews specific steps towards the implementation of the I-ANDS and the development of the full ANDS. Volume II of the strategy document contains a summary of Government's proposed and ongoing sectoral programs and annual indicators against which progress may be measured. While Volume II is not yet Government policy, it will form the basis for consultations towards the development of the full ANDS. Volume III is a collation of strategic plans developed by government line ministries and commissions.

Like the I-ANDS itself, this Summary Report aims to be a living document that will stimulate policy debate within the Afghan government and with our key partners. Our hope is that it will be reviewed by a wide array of stakeholders throughout Afghanistan and beyond our borders and will be significantly improved as we move towards developing a full ANDS. Ultimately, we aim for the ANDS to serve as a consensus building tool on Afghanistan's national development priorities for many years to come.

ABBREVIATIONS

ABP	Afghan Border Police
AFMIS	Afghan Financial Management Information System
AIHRC	Independent Human Rights Commission
ANA	Afghan National Army
ANDS	Afghanistan National Development Strategy
ANP	Afghan National Police
ARDS	Afghanistan Reconstruction Development Services
ARTF	Afghanistan Reconstruction Trust Fund
BPHS	Basic Package of Health Services
CAA	Civil Aviation Authority
CDC	Community Development Council
CG	Consultative Group
DC	Deputies Committee
DIAG	Disbandment of Illegal Armed Groups
DOTS	Direct Observed Treatment-Short Course
EPHS	Essential Package of Hospital Services
GDI	Gender Development Index
GDP	Gross Domestic Product
HIV/AIDS	Human Immunodeficiency Virus / Acquired Immunodeficiency Syndrome
I-ANDS	Interim Afghanistan National Development Strategy
IARCSC	Independent Administrative Reform and Civil Service Commission
ICAO	International Civil Aviation Organization
IMF	International Monetary Fund
ISAF	International Security Assistance Force
JCMB	Joint Coordination and Monitoring Board
MDG	Millennium Development Goal
MISFA	Microfinance Investment Support Facility in Afghanistan
MMR	Maternal Mortality Ratio
MTFF	Medium Term Fiscal Framework
NABDP	National Area Based Development Program
NATO	North Atlantic Treaty Organization
NEPA	National Environment Protection Agency
NGO	Non Government Organization
NSC	National Security Council
NSP	National Solidarity Program
OEF	Operation Enduring Freedom
ONSC	Office of the National Security Council
PAR	Public Administrative Reform
PFEM	Public Finance & Expenditure Management
PFM	Public Finance Management
PRGF	Poverty Reduction Growth Facility
PRR	Priority Reform and Restructuring process
PRT	Provincial Reconstruction Team
SAF	Securing Afghanistan's Future

SCF	Security Coordination Forum
SOE	State Owned Enterprise
SSR	Security Sector Reform
SSRCC	Security Sector Reform Coordination Committee
TAP	Trans-Afghan Pipeline
TB	Tuberculosis
UN	United Nations
UNAMA	United Nations Assistance Mission to Afghanistan
UNODC	United Nations Office on Drugs and Crime
VET	Vocational Education and Training
WTO	World Trade Organization

GLOSSARY OF AFGHAN EXPRESSIONS

Daira-yi'idalat	Circle of Justice
Loya Jirga	Grand Council, "Grand Assembly of elders"
Mujahidin	Freedom Fighters
Mustoufiat	Provincial Office of the Ministry of Finance
Shura	Council
Wolesi Jirga	National Assembly

Solar Year Months	From	To
Hamal	21-Mar	20-Apr
Saur	21-Apr	21-May
Jawza	22-May	21-Jun
Sarataan	22-Jun	22-Jul
Asad	23-Jul	22-Aug
Sunbulah	23-Aug	22-Sep
Mizaan	23-Sep	22-Oct
Aqrab	23-Oct	21-Nov
Qaus	22-Nov	21-Dec
Jaddi	22-Dec	20 Jan
Dalwa	21-Jan	19-Feb
Hoot	20-Feb	20-Mar

MAP OF AFGHANISTAN

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بسم الله الرحمن الرحيم

In the name of Allah, the Most Merciful, the Most Compassionate

إِنَّ اللَّهَ لَا يُغَيِّرُ مَا بِقَوْمٍ حَتَّىٰ يُغَيِّرُوا مَا بِأَنفُسِهِمْ

Verily never will Allah change the condition of a people until they change it themselves

INTRODUCTION

The Government of Afghanistan's model of governance and development today derives from an ancient concept of this region called the "Circle of Justice" *(dayra-yi 'idalat)*. As the ninth century Islamic scholar Ibn Qutayba,[1] wrote:

> *There can be no government without an army,*
> *No army without money,*
> *No money without prosperity,*
> *And no prosperity without justice and good administration.*

A century later, in Afghanistan itself, Sultan Sebuktegin of Ghazni put it this way:[2]

> *The first thing you should do is to keep the private and public treasuries in a prosperous condition; for a kingdom can only be retained by wealth. Wealth cannot be acquired except by good government and wise statesmanship, and good government cannot be achieved except through justice and righteousness.*

In the Circle of Justice, the government depends on the armed forces to ensure security. To maintain the army, the government needs resources, which it can derive only from prosperity and development. Prosperity and development depend in turn on justice and good governance. The Islamic teachings on the Circle of Justice have identified justice with the rule of law, based on the beliefs and provisions of the sacred religion of Islam. These teachings identified good governance with building roads and keeping them safe for travelers and trade, building irrigation works to make farmers more productive, assuring honest weights and measures, resolving disputes justly, and protecting the poor and weak.

Fully consistent with the Circle of Justice, the preamble to our Constitution states that Government will strive:

- With firm faith in God Almighty and relying on His lawful mercy, and believing in the sacred religion of Islam…
- To consolidate national unity and safeguard the independence, national sovereignty, and territorial integrity of the country;
- To establish a government based on the will of the people and democracy;
- To create a civil society free of oppression, atrocity, discrimination, and violence; based on the rule of law, social justice, and protection of human rights and dignity; and ensuring the fundamental rights and freedoms of the people;

- To strengthen the political, social, economic, and defense institutions of the country;
- To ensure a prosperous life and sound environment for all those residing in this land;
- And, finally, to regain Afghanistan's rightful place in the world community.[1]

The I-ANDS aims to move Afghanistan towards these obligations by asking and answering four fundamental questions:

(i) *What are our vision, goals and objectives?* This question drives the Government's policy formulation.

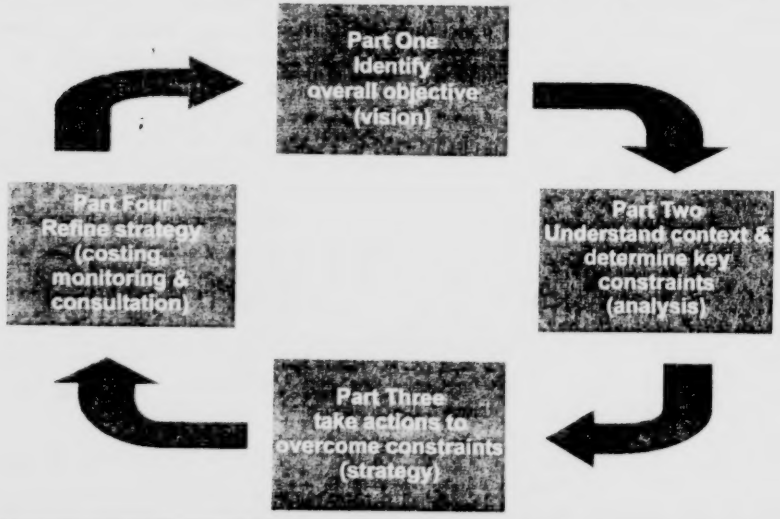
(ii) *What are the contexts and constraints that must be understood and overcome to achieve our vision and objectives?* This question drives our analysis.

(iii) *What investments and strategies should we prioritize to overcome those constraints and achieve our objectives?* This question drives our strategy and determines the mix and sequencing of programs the Government will prioritize in the I-ANDS.

(iv) *How should we resource, monitor, coordinate and consult on these strategies?* This question will drive the implementation of the I-ANDS.

This conceptual and organizational framework is graphically represented in Figure 1.1:

Figure 1.1 Conceptual Framework for the I-ANDS



Following this structure, Part One of this summary presents our vision. Part Two of the summary analyzes the context and constraints that must be overcome if we are to realize our vision. Part Three is our strategy and Part Four lays out how we plan to implement and refine that strategy in the years to come.

PART ONE: OUR VISION

This Government's vision for Afghanistan is fully consistent with our Islamic and cultural values as stated in our Constitution. In the next fifteen years, we aim to ensure that Afghanistan meets *all of its Millennium Development Goals (MDGs)*. If we achieve this vision, we will all but eliminate extreme poverty and hunger in Afghanistan. All our children, boys and girls alike, will complete their primary educations. Afghanistan's women will enjoy greater equity in education, political participation and justice. We will cut by more than half the number of children dying before they reach five, and the number of mothers that die in childbirth. We will halt the spread of tuberculosis, HIV/AIDs, malaria and other diseases and ensure that our development is environmentally sustainable. And we will accomplish all of this through a strong partnership with the international community that helps to provide the security and to support the stable political environment upon which our economic development will depend.

"Our vision for the Islamic Republic of Afghanistan is to consolidate peace and stability through just, democratic processes and institutions, and to reduce poverty and achieve prosperity through broad based and equitable economic growth."[4]

Like the Circle of Justice, this vision has mutually reinforcing security, political and economic dimensions. Government firmly believes that without concurrent progress on all three pillars, its vision will not be fulfilled, and Afghanistan's risks a circle of injustice. A failure to deliver security will affect Government's ability to govern. A failure of governance will undermine the investment climate and limit our ability to provide basic services. A lack of economic development will threaten our capacity to govern and ensure security. Failure to attend simultaneously to all these cross-cutting issues will effectively undermine the gender equity of the development process, support the continued growth of the narcotics economy, limit the expansion of regional trade and transit opportunities, lead to increased levels of petty corruption, and undermine the environment with both economic and social consequences.

Our security vision is to create a peaceful and just society, where the state has a monopoly on the use of force and uses it to protect the rights of all Afghans. With the support of our international partners, we aim to build a well trained, affordable, representative and professionalized national army and police force that provide security and uphold the law.

Our governance vision is to develop Afghanistan into a stable and mature Islamic constitutional democracy where the three branches of government (executive, parliamentary and judicial) provide the necessary checks and balances on each other. Government will act as a policy maker, regulator, and enabler of the private sector, not its competitor. Our unitary state will deliver basic services to the Afghan people through a cost-effective national and sub-national administration and ensure that our justice system equally protects the rights of all Afghans.

Our economic vision is to build a liberal market economy in which all Afghans can participate productively without engaging in production or trafficking of narcotics or other criminal activities. To do this, we will develop an enabling environment for the private sector to generate legitimate profits and pay reasonable taxes, thereby enhancing public revenues that can then be invested in public services. Ultimately, we want to move beyond dependence upon international aid and build a thriving legal private sector-led economy that reduces poverty and allows all

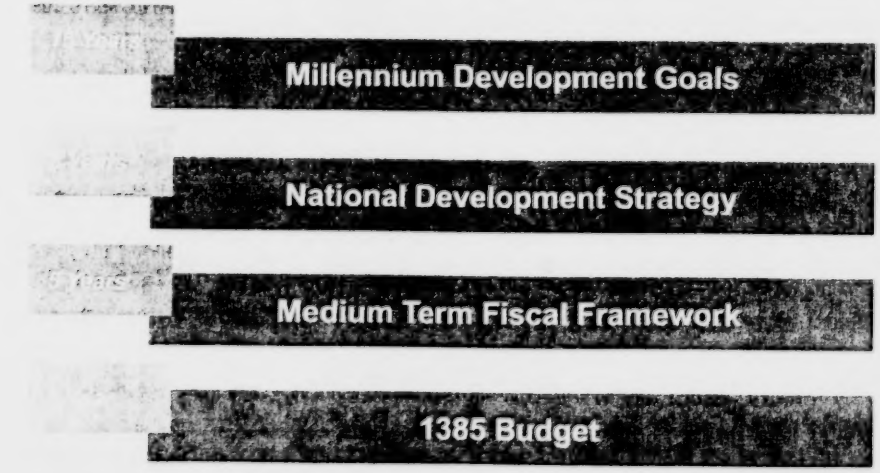
Afghans to live in dignity.

To achieve pro-poor growth while eliminating the criminal economy, we aim to make simultaneous strategic investments across the security, governance and economic pillars. While our priorities in each of these areas are framed in the I-ANDS and the 5-year strategic benchmarks of the Afghanistan Compact, we will focus in particular upon those areas that enhance our current and future productivity, including electricity, roads, irrigation, institutional and human capacity building, creating an enabling environment for private sector development and protecting the rights of the poor. As we target our investments in these areas, we will seek to support likely areas of accelerated economic growth, including rural development (agriculture and rural industries), the management of state assets, mining and extractive industries, and transit.

By creating a secure, politically stable and economically supportive environment for growth, we expect the private sector to thrive and in so doing, to employ our population and increasingly generate the public revenues that will allow the Government to work towards our MDGs. We want to stand on our own feet as soon as possible as a full and equal member of the region and the world.

Each year, we will review our progress towards our MDGs and our I-ANDS benchmarks and make adjustments in our five-year fiscal framework and our annual budget. These relationships can be represented as follows:

Figure 1.2: Overall Framework for Afghanistan's Development Planning



MOVING TOWARDS OUR VISION THROUGH THE AFGHANISTAN COMPACT

If we are to achieve our MDGs by 1400 (2020), we must make significant progress across the security, political and economic spheres in the next five years, and for that we will need international political and financial support. For that reason, the Government of Afghanistan agreed the Afghanistan Compact with the international community.

The Afghanistan Compact of 1384 (2006) succeeds the Bonn Agreement of 1380 (2001), which provided a framework for the international community to help Afghans create a legitimate government. Having completed the Bonn process successfully, a process that showed the value of making time-bound commitments for achieving benchmarks of progress, Afghanistan now seeks to renew its mutual commitments with the international community in order to continue its state building and development efforts.

The Afghanistan Compact provides a framework for partnership between the Government and the international community. Unlike the Bonn Agreement, which was a pact among Afghans to be monitored and assisted by the United Nations, the Afghanistan Compact is a political commitment of *both* Afghanistan and the international community to work towards 5-year high level benchmarks.

Government will implement its obligations under the Afghanistan Compact through the I-ANDS and ANDS. Moreover, the I-ANDS and the Compact are fully aligned with Afghanistan's MDGs. Together, the three documents provide the immediate, medium- and long-term goals to which we must jointly commit ourselves to build upon our success of the last four years and break the circle of injustice in Afghanistan.[5]

This Section has summarized our vision for achieving a Circle of Justice in Afghanistan. Part Two analyzes the context in which we must plan our priorities looking at recent history and our accomplishments of the past few years.

PART TWO: ANALYSIS OF CONTEXT

It is essential to locate the I-ANDS within Afghanistan's recent history to understand the scale of the development challenges facing the country and devise a suitable national development strategy to overcome the challenges.

The Afghan people have demonstrated remarkable bravery and resilience, first to repel the Soviet invasion and then to survive over two decades of war and destruction that followed. The heroic *mujahidin* and resistance expelled the invaders and repelled foreign interference at great sacrifice.

By 1 Jaddi 1380 (22 December 2001), when the Interim Authority of Afghanistan was inaugurated in accord with the Bonn Agreement, the state's legitimacy had been damaged by military coups, attempts to transform society by force, the capture of parts of the state by armed commanders, and the hostage-taking of Afghanistan by international terrorists. Persecution, killings, and arrests had lowered the already small number of skilled administrators and technocrats and undermined the state's capacity. As a result, the rule of the gun had replaced the rule of law.

From Sawr 1357 (April 1978) until the signing of the Bonn Agreement on 14 Qaws 1380 (5 December 2001) conflict killed over a million Afghans, most of them civilians; over a million Afghans were orphaned, maimed or disabled; a third of the population was driven into exile as refugees, and many more were displaced from their homes; the villages where most of the population lived were devastated; and much of the country's educated class was forced into exile. Much agricultural land and pasture had been mined and was therefore unproductive. Fragile systems for managing the country's scarce supplies of water were devastated. Most basic infrastructure was destroyed, including roads, bridges, irrigation systems, and electric power lines, and that which remained was not maintained. Afghans were unable to use many schools and clinics, many of which had degenerated into crumbling structures, unsuitable for their intended purposes. One generation or more lost the chance for education.

The printing of worthless money to fund militias sparked hyperinflation, which reduced the value of salaries to almost nothing. Demoralized government staff received neither genuine salaries, training to meet new challenges, nor the leadership and equipment they needed to do their jobs. Licit agricultural production fell by half.

As neighboring countries eliminated opium poppy cultivation, international traffickers struck deals with power holders in Afghanistan to start production. They easily recruited impoverished farmers to raise the new crop. Toward the end of the 1370s (1990s), they also moved heroin processing inside the country, further enriching criminals and illicit armed groups.

As a result of these destabilizing factors, the ability of most Afghans to take care of themselves, to function productively, to protect themselves, and to participate politically, were undermined. As a result, in 1380 (2001), the Government was required to address all of these challenges simultaneously. As President Karzai has stated:

"When the Interim Administration was established, the state system was in a complete state of disarray. The political, economic, social and cultural infrastructure of the country was totally destroyed. Different parts of the country were ruled by various armed factions and had their own styles of administration. The National Administration system was dismantled. Roads were in a state of disrepair. There were no health services and the status of education system was of most concern. The government treasury was empty and public funds and property had lost their value. In such a worrying situation, the Interim administration took control of political leadership."[6]

In accordance with the Bonn Agreement, the Interim Administration of Afghanistan, led by then Chairman Karzai, was inaugurated in Kabul on 1 Jaddi, 1380 (22 December, 2001), launching the "Bonn Process."

The Bonn Process requirements included convening an Emergency Loya Jirga within six months after inauguration of the Interim Authority to elect the head of a Transitional Administration; drafting a new constitution and adopting it at a Constitutional Loya Jirga; and holding national elections under the constitution to elect a "fully representative government." With the assistance of the international community, and a particularly important role for the United Nations, the Government met all these benchmarks. The presidential election held on 27 Mizan 1383 (19 October 2004) and the elections to the lower house of the National Assembly and provincial councils in 28 Sunbula 1384 (19 September 2005) fulfilled Afghanistan's last obligations under the Bonn Agreement.[7]

With assistance from international security forces and donor countries, the Afghan Government has formed a new Afghan National Army and is reforming the Afghan National Police. The Government demobilized and disarmed about 62,000 combatants who had been integrated into the Ministry of Defense and has secured all heavy weapons belonging to these forces. Reintegration of these former combatants is proceeding. We have now launched a program for the Disbandment of Illegal Armed Groups (DIAG) to disarm and reintegrate about 100,000 former combatants who are members of about 1,800 such groups.

In line with the Bonn Agreement, Government launched programs of administrative, judicial, and legal reform. Government separated the military and administrative functions of provincial administrators and increasingly appointed professional governors and security commanders. The Afghan Independent Human Rights Commission was established, and its role has been guaranteed in the Constitution. The new Constitution also guarantees women's equality before the law and establishes significant quotas for their representation in both houses of the National Assembly.

Government has enacted legislation to provide the basis for effective public administration and private-sector-led growth in Afghanistan. Several laws and decrees, such as the Banking Law of Afghanistan, 1383 (2004), the Private Investment Law, 1382 (2003), and the Customs Code, 1384 (2005) provide the environment for a liberal economy. The Public Finance and Expenditure Management Law, 1384 (2005), the Revenue Law, 1384 (2005), and the Income Tax

Law, 1384 (2005) provide the framework for collection and use of national revenue. The Civil Service Law, 1384 (2005), strengthens public administration reform and laws such as the Law on the Organization and Jurisdiction of Courts, 1384 (2005), and the new Juvenile Justice Code, 1384 (2005), strengthens the justice sector. The Anti Narcotics Drugs Law, 1383 (2004), the Law on Campaign against Money Laundering, 1383 (2004), and the Law on Campaign against Bribery and Corruption, 1383 (2004) are examples of Government's efforts to provide an enabling environment for development of the private sector and address the entrenched illicit economy.

Government reformed the central bank (Da Afghanistan Bank) in accordance with the Bonn Agreement, and issued a new currency in 1381 (2002), effectively putting an end to hyperinflation. By the end of 1384 (2005/6) the real licit economy of Afghanistan is projected to have grown by an estimated 85% since the start of the Bonn Process. Inflation has fluctuated at slightly more that 10% per year. While meeting almost all the benchmarks of an IMF Staff-Monitored Program, the Government is expected to have increased its domestic revenue from 3.2% of GDP to 5.4% of a much larger GDP by 1384 (2005/6). While imports have expanded rapidly, however, licit exports have not followed, leaving the licit trade deficit at 45% of non-drug GDP in 1383 (2004/5). The Government launched a counter-narcotics program which reduced the area cultivated in opium poppy by 21% in 1383 (2004/5).

School enrollments have more than quadrupled to over six million children, one-third of whom are girls. Government has expanded coverage of a Basic Package of Health Services to most of the country. Newly repaired roads have decreased travel time between several major cities and the countries' key borders.

Government has based its development strategy on the market economy. While a land-locked state such as Afghanistan faces great obstacles in connecting to markets, Afghanistan's history has shown that substituting state enterprises and heavy-handed regulation for the market has created corruption and stifled initiative rather than compensating effectively for Afghanistan's handicaps. Reliance on the market and private sector for growth requires a strong, effective state to assure that all have equal rights of access to the resources they need to be productive, and that they benefit from those public goods--roads, transport, energy, water, sanitation, education, and health-care that they need to produce and be profitable.

With international support, we have begun our reconstruction, progressively repairing and rebuilding Afghanistan's ring road, provincial roads and rural access roads, bringing electricity to our major urban centers, and repairing our irrigation systems, bridges, and other major infrastructure essential to a growing economy. The Government has made available block grants to a third of the countries' villages to implement projects chosen by the people through freely elected Community Development Councils (CDCs). Government now makes a greater difference at the grassroots community level and plays a more visible and meaningful role for the rural inhabitants of Afghanistan.

All this has been done in partnership with the international community. In accord with the Bonn Agreement, the UN Security Council authorized the deployment of the International Security Assistance Force (ISAF), now commanded by NATO, to assist the Afghan authorities in maintaining security. Originally deployed only to Kabul and surroundings, ISAF now has

deployed to a number of provinces around the country. Operation Enduring Freedom (OEF), commanded by the United States, has continued to battle terrorists. Both these forces, as well as lead nations, have assisted with Security Sector Reform (SSR). Both OEF and ISAF have established Provincial Reconstruction Teams (PRTs) to assist in providing security and stability and implementing SSR throughout Afghanistan.

Donor countries have generously assisted the Government in a program of reconstruction and development. At the Tokyo donor conference on 2 Dalwa 1380 (22 January 2002), donors pledged US$5.2 billion. At the Berlin conference in 11-12 Hamal 1383 (31 March-1 April 2004), donor countries pledged US$8.2 billion over three years. These pledges increasingly followed the lead of the Afghan Government, which published its National Development Framework in Sawr 1381 (April 2002). The Government made its budget the central tool for implementation of this framework.

In the early years of the Bonn Process, much of the aid to Afghanistan rightly went towards humanitarian response to a multi-year drought, the reintegration of millions of refugees and displaced persons, and addressing our urgent security needs to build up our military forces. As a result, Government and donors were forced to make trade-offs at the expense of longer-term economic development objectives. Starting with this I-ANDS, the Government plans to work with donors to refocus international assistance on investments that will lay a foundation for governance and pro-poor economic growth.

Afghanistan has also sought to strengthen and build cooperative relations with its neighbors. The 1381 (2002) Declaration of Good Neighborly Relations, the 1382 (2003) Dubai declaration, and a declaration on counter-narcotics cooperation at the 1383 (2004) Berlin Conference highlighted security, economic and counter-narcotics cooperation. The Government established Tripartite Commissions on its border with Pakistan (including the US) and Iran (including the UK) to cope with security issues. The Bishkek conference of 1383 (2004), discussed a concrete program of regional economic cooperation. Afghanistan and the UK convened and co-chaired a major ministerial conference on Regional Economic Cooperation on 13-14 Qaws 1384 (4-5 December, 2005).

CURRENT CHALLENGES AND CONSTRAINTS

Despite all our good work these past four years, we still have a long way to go before we can make up for the enormous losses incurred in every realm of life and catch up with development that passed us by during the decades of conflict. Afghans still face worse living conditions than any people in the region and all but a few national populations globally (per our human development index). Too many of our infants are still dying. Of the children who survive their early years, not enough go to schools. Afghanistan is losing its mothers, wives and daughters to some of the worst maternal mortality rates ever recorded. Our adult men and women have neither adequate opportunities to work, nor the skills training to prepare for future employment opportunities.

Security: Security is the principle prerequisite for the success of our state building program, and includes the security of the state and its public servants, security of travel and transit, and the security of our people and their property. Currently, our immediate and long-term stability

remain under threat. Parts of Afghanistan continue to experience terrorism. More than 1,000 illegal armed groups continue to exist across the country. The army and police are still developing the capacity to exercise a legitimate monopoly over the use of force in Afghanistan.

Key constraints to the achievement of our security goals include our porous borders, and the ability of illegal armed groups and terrorists to exercise force and limit the ability of national security forces to fulfill their missions, the shortage of managerial capability and skilled personnel in the Afghan National Army and Afghan National Police; the current structure and fiscal sustainability of the security sector, which cost 17% of our GDP in 1383 (2004/5); and the size of the illicit economy, which funds powerful interests who will oppose the Government's security plans.

Governance, human rights and rule of law. Afghanistan's current governance challenges are a product of our history. We currently mobilize less public resources than any other government in the world as a percentage of GDP. Our civil service has been decimated. The legal and regulatory framework necessary for Government to function effectively, ensure the rule of law, and protect our citizens is still nascent or absent. While the Government has passed new laws designed to protect the rights of citizens, our ability to enforce those laws is compromised. Our different government branch members lack legislative, oversight and representational experience. Our sub-national administrative structure is especially weak, which inhibits coordination across Government at the provincial and district levels and lowers our accountability to the vast majority of our population, who live in rural areas. Too many of these sub-national governance structures remain under the influence of illicit power holders.

The way in which aid is channeled (less than 25% goes through Government channels) also constrains Government's ability to gain the capacity to lead its development effort. The unpredictability of donor funding and insufficient progress in developing the managerial skills of Government staff has slowed many larger projects, particularly in the infrastructure sector.

Economic and social development. Afghanistan remains one of the poorest countries in the world. Thirty-eight percent of rural households are short of food at least part of the year. Malnutrition is widespread. Even among Afghans aged 15-24, the most educated group, only 34% are literate, including only 18% of women, the lowest female literacy rate in the world. Half of all school-age children do not attend school. Life expectancy is only forty-four and a half years,[8] and child, infant, and maternal mortality levels are among the highest in the world. In Badakhshan province, one in three women can expect to die from complications of pregnancy or childbirth. Water quality has declined, the water table has sunk in many areas, and only 24% of water sources are safe for drinking. Fewer than 1% of households have safe or sanitary toilet facilities. Malaria is prevalent in 60% of the country and is spreading. Afghanistan is among 22 countries with the highest rates of tuberculosis. Drug addiction, injection, and hence HIV/AIDS are spreading rapidly. Forest cover has been cut in half. Only 6% of the population has access to public electricity power grids.

The largest sector of the economy consists of the production, processing, and trading of opiates. UNODC estimates that the value of opiates produced in 1383-84 (2004-5) was equivalent to 47% of the licit GDP. Nearly four-fifths of the income went to traffickers, not farmers. Over two million people (in a population of about 25 million) rely directly on the opium economy, and many more benefit from its indirect effects in construction, trade,

transport, and other activities. Otherwise, the economy is dominated by subsistence farming. Most of the licit economy is informal. It consists of subsistence farming or unregistered businesses that are impossible to tax directly. Imports outstrip licit exports (net of re-exports) by a factor of eight to one.

The weakening of the state and the growth of the drug industry has led to the criminalization of much of the Afghan economy. Control over arms and money enables power holders to seize land, levy tributes, and control access to credit and markets. The poor have no effective rights to land or other assets. The prevalence of the informal sector makes it difficult for the state to intervene against criminal or uncompetitive practices to protect the rights of the poor, labor, or small entrepreneurs. Basic infrastructure is scarce or in poor condition, including power, water for irrigation or consumption, roads, and transport. Agricultural infrastructure has been destroyed. While new enterprises can now register easily, it remains extremely difficult for them to start work or to take their products to market as they face a regulatory environment that promotes corruption and creates incentives to stay in the informal sector.

Human capital is in short supply. Millions of our people currently lack the health and education services to support themselves and their families. Relevant productive skills are not being transferred quickly enough, either in schools or families, as many have been displaced from their land or other productive assets for decades. Women are particularly disadvantaged and suffer extremely high rates of illiteracy, morbidity, and mortality. The high real exchange rate subsidizes the consumption of imports and makes Afghanistan's exports uncompetitive. It also creates incentives for capital to flow out of Afghanistan into neighboring countries where costs are lower.

Specific constraints to security, good governance, justice and human rights, and economic and social development and strategies to overcome them are addressed in Part Three of this Summary Report.

PART THREE: DEVELOPMENT STRATEGY AND PROGRAMS

To overcome these constraints and realize our vision, the Government will create an enabling environment for equitable economic growth by targeting priority investments across the three pillars of (1) security, (2) governance, rule of law and human rights, and (3) economic and social development. Priority areas of investment are summarized below.

SECURITY PRIORITIES

Government will provide security with the direct support of the international community. We will establish a legitimate monopoly on force and law enforcement that provides a secure environment for the fulfillment of the rights of all Afghans, ensuring freedom of movement for people, commodities and ideas, and social and economic development. Our security strategy contains the following priorities:

1. Through Jaddi 1389 (end-2010), with the support of and in close coordination with the Afghan Government, NATO-led International Security Assistance Force (ISAF), Operation Enduring Freedom (OEF) and their respective Provincial Reconstruction Teams (PRTs) will promote security and stability in all regions of Afghanistan, including by strengthening Afghan capabilities.
2. By Jaddi 1389 (end-2010): the Government will establish a nationally respected, professional, ethnically balanced Afghan National Army that is democratically accountable, organized, trained and equipped to meet the security needs of the country and increasingly funded from Government revenue, commensurate with the nation's economic capacity; support will continue to be provided to Afghanistan in expanding the ANA towards a ceiling of 70,000 personnel articulated in the Bonn talks; and the pace of expansion is to be adjusted on the basis of periodic joint quality assessments by the Afghan Government and the international community against agreed criteria which take into account prevailing conditions.
3. All illegal armed groups will be disbanded by Jaddi 1386 (end-2007) in all provinces.
4. By Jaddi 1389 (end-2010), a fully constituted, professional, functional and ethnically balanced Afghan National Police and Afghan Border Police with a combined force of up to 62,000 will be able to meet the security needs of the country effectively and will be increasingly fiscally sustainable.
5. By Jaddi 1389 (end-2010), the Government will strengthen its law enforcement capacity at both central and provincial levels, resulting in a substantial annual increase in the amount of drugs seized or destroyed and processing facilities dismantled, and in effective measures, including targeted eradication as appropriate, that contribute to the elimination of poppy cultivation.
6. By Jaddi 1389 (end-2010), the Government and neighboring and regional governments will work together to increase coordination and mutual sharing of intelligence, with the goal of an increase in the seizure and destruction of drugs being smuggled across Afghanistan's borders, and effective action against drug traffickers.
7. By Jaddi 1389 (end-2010), in line with Afghanistan's Millennium Development Goals (MDGs) and Afghanistan's Ottawa Convention obligations, the land area contaminated by mines and unexploded ordnance will be reduced by 70%; all stockpiled anti-

personnel mines will be located and destroyed by Jaddi 1386 (end-2007), and by Jaddi 1389 (end-2010), all unsafe, unserviceable, and surplus ammunition will be destroyed.

GOVERNANCE, RULE OF LAW, AND HUMAN RIGHTS PRIORITIES

Government's overall aim is to enhance governance, by establishing and strengthening government institutions at the central and sub-national levels in order to achieve measurable improvements in the delivery of services and the protection of rights of all Afghans. We will reform the justice system with the aim of assuring Afghans in all parts of the country of access to formal justice and judicial supervision of informal dispute resolution mechanisms. We will strengthen protection of human rights for all, especially women and children, and assure redress for violations.

To improve governance and the rule of law and ensure human rights, we have identified the following key priorities for Government:

1. By Jaddi 1389 (end-2010): Government machinery (including the number of ministries) will be restructured and rationalized to ensure a fiscally sustainable public administration; the Civil Service Commission will be strengthened; and civil service functions will be reformed to reflect core functions and responsibilities.
2. A clear and transparent national appointments mechanism will be established within 6 months, applied within 12 months, and fully implemented within 24 months for all senior-level appointments to the central government and the judiciary, as well as for provincial governors, chiefs of police, district administrators and provincial heads of security.
3. By Jaddi 1385 (end-2006), a review of the number of administrative units and their boundaries will be undertaken with the aim of contributing to fiscal sustainability.
4. By Jaddi 1389 (end-2010), in furtherance of the work of the Civil Service Commission, merit-based appointments, vetting procedures and performance-based reviews will be undertaken for the civil service at all levels of government, including central government, the judiciary and police, and requisite support will be provided to build the capacity of the civil service to function effectively. Annual performance-based reviews will be undertaken for all senior staff (Grade 2 and above) starting by Jaddi 1386 (end-2007).
5. The UN Convention Against Corruption will be ratified by Jaddi 1385 (end-2006), national legislation adapted accordingly by Jaddi 1386 (end-2007) and a monitoring mechanism to oversee implementation will be in place by Jaddi 1387 (end-2008).
6. The census enumeration will be completed by Jaddi 1387 (end-2008) and the complete results published. Reliable statistical baselines will be established for all quantitative benchmarks by the first quarter of 1386 (mid-2007) and statistical capacity built to track progress against them.
7. The National Assembly will be provided with technical and administrative support by the first quarter of 1385 (mid-2006) to fulfill effectively its constitutionally mandated roles.
8. The Afghanistan Independent Electoral Commission will have the high integrity, capacity and resources to undertake elections in an increasingly fiscally sustainable

manner by Jaddi 1387 (end-2008), with the Government of Afghanistan contributing to the extent possible to the cost of future elections from its own resources. A permanent civil and voter registry with a single national identity document will be established by Jaddi 1388 (end-2009).

9. By Jaddi 1389 (end-2010): the National Action Plan for Women in Afghanistan will be fully implemented; and in line with Afghanistan's MDGs, female participation in all Afghan governance institutions, including elected and appointed bodies and the civil service, will be strengthened.
10. By Jaddi 1389 (end-2010), the legal framework required under the constitution, including civil, criminal, and commercial laws, will be put in place, distributed to all judicial and legislative institutions, and made available to the public.
11. By Jaddi 1389 (end-2010), functioning institutions of justice will be fully operational in each province of Afghanistan. The average time to resolve contract disputes will be reduced as much as possible.
12. A review and reform of oversight procedures relating to corruption, lack of due process and miscarriage of justice will be initiated by Jaddi 1385 (end-2006) and fully implemented by Jaddi 1389 (end-2010); by Jaddi 1389 (end-2010), reforms will strengthen the professionalism, credibility and integrity of key institutions of the justice system (the Ministry of Justice, the Judiciary, the Attorney-General's office, the Ministry of Interior and National Directorate of Security).
13. By Jaddi 1389 (end-2010), justice infrastructure will be rehabilitated; and prisons will have separate facilities for women and juveniles.
14. A process for registration of land in all administrative units and the registration of titles will be started for all major urban areas by Jaddi 1385 (end-2006) and all other areas by Jaddi 1387 (end-2008). A fair system for settlement of land disputes will be in place by Jaddi 1386 (end-2007). Registration for rural land will be under way by Jaddi 1386 (end-2007).
15. By Jaddi 1389 (end-2010), the Government will increase the number of arrests and prosecutions of traffickers and corrupt officials, and will improve its information base concerning those involved in the drugs trade, with a view to enhancing the selection system for national and sub-national public appointments.
16. By Jaddi 1389 (end-2010): the Government's capacity to comply with and report on its human rights treaty obligations will be strengthened; Government security and law enforcement agencies will adopt corrective measures including codes of conduct and procedures aimed at preventing arbitrary arrest and detention, torture, extortion and illegal expropriation of property with a view to the elimination of these practices; the exercise of freedom of expression, including freedom of media will be strengthened; human rights awareness will be included in education curricula, and promoted among legislators, judicial personnel and other Government agencies, communities and the public; human rights monitoring will be carried out by the Government and independently by the Afghan Independent Human Rights Commission (AIHRC), and the UN will track the effectiveness of measures aimed at the protection of human rights; and the AIHRC will be supported in the fulfillment of its objectives with regard to monitoring, investigation, protection and promotion of human rights.
17. The implementation of the Action Plan on Peace, Justice and Reconciliation will be completed by Jaddi 1387 (end-2008).

ECONOMIC AND SOCIAL DEVELOPMENT PRIORITIES

The goal of our economic and social development strategy is to address poverty through private sector-led equitable economic growth while progressively eliminating the criminal economy.

Our strategy of "pro-poor growth" will include measures both to achieve and maintain high growth rates and to assure that the poor benefit from growth. We estimate that we need a sustained real growth rate of 9% per year of licit GDP to provide people with a tangible sense of improvement, while compensating for the contraction caused by elimination of the narcotics sector.

The government's counter-narcotics strategy is therefore a central part of creating the enabling environment for growth. The Government will implement a pro-poor counter-narcotics program that targets traffickers and corrupt officials while helping the poor to produce licit livelihoods for themselves. As traffickers are attacked through interdiction we will develop licit livelihoods for those who depend directly or indirectly on the narcotics economy. We will also promote licit exports and import substitution by the private sector to address the macroeconomic effects of eliminating the narcotics sector.

The Government will take all necessary measures to remove any members of Government involved in illegal drug-related activities. Efforts at interdiction and arrest will require the building of effective law enforcement and judicial capacities at the central and provincial levels of government, to which we have also committed ourselves. Building our capacity to wipe out corruption by officials, including strengthening our intelligence and law enforcement capacities, will also be essential.

To exploit the growth potential in the economy while eliminating the criminal economy, Government has identified strategic and prioritized public investments to be made in (1) infrastructure, particularly electricity, roads, and water, (2) institutional and human capacity building, (3) protecting the rights of the poor, with a particular focus on social protection for the most vulnerable, and (4) creating an enabling environment for public sector investment.

PRIORITY INVESTMENTS TO ENABLE GROWTH

1. Infrastructure: Enhancing access to cost-effective and uninterrupted power: Electric power is a critical requirement for irrigation and light industry. The private sector will not invest in small and medium-scale industries unless it has assured power supply. Until we can increase our generating capacity, we will build transmission lines to enable us to purchase power from neighboring countries. We will increase our generating capacity, especially through domestic and cross-border hydro-power projects, and by recovering the costs of power supply. In the immediate term we will explore lower-cost technological solutions, including non-conventional and renewable energy sources. For urban and semi-urban areas, developing hydro-power through small and medium dams will be explored. The power system will be financially sustainable, with reasonable costs, effective delivery of power, and electricity prices that enable the service to be provided without incurring financial losses.

We will take measures to assure that access to power is available in an equitable and balanced fashion. Pro-poor growth will depend on rural electrification that is accessible to all, not just to

the most developed areas or the biggest landowners. A comprehensive rural electrification strategy will be formulated during the course of developing the full ANDS. Promoting small enterprise development in the cities will require assuring electric power supply to all neighborhoods, not only the wealthier ones.

Enhancing connectivity through improved rural access. Government will continue to invest in the ring road and roads that connect Afghanistan to neighboring countries over the next five years. A network of trunk and rural access roads is also needed to get the country's agricultural produce and the products of rural industries to domestic and foreign markets. We will explore the feasibility of building railroads to connect Afghanistan to regional rail networks.

A well-developed and maintained road network will generate demand for high-value agricultural produce and rural industrial products, enhance rural access to services, support market integration and reduce rural isolation. The use of labor based techniques will generate short term employment for our pool of unskilled and semi-skilled labor, and the use of local materials such as stone will produce low maintenance rural access roads, enabling connectivity between villages and provincial towns.

Afghanistan's towns and cities must become marketing and service centers for rural development as well as centers of employment creation in small industries. Improving urban infrastructure will also require paving the streets of small towns and district centers and linking them to rural access roads.

Expanding access to irrigable land and drinking water. To overcome the lag in investment in agriculture, we will prioritize investment in systems of water management and irrigation, as about 90% of water is currently wasted because of outdated systems. This will require both community development programs and the establishment of integrated water management in the major river basins, including cross-border management with our neighbors. We will also establish market research and extension programs to support high-value agriculture and rural industries.

2. *Institutional and human capacity building:* Government will integrate measures for building the capacity of Afghan institutions and individuals into all its development plans. It will aim at developing the capacity of the public and private sectors and developing the skills of the economically active population so that they are more productive and able to compete.

To enhance the capacity of the public sector, Government will work to ensure our administration effectively delivers services and every public servant has an incentive to produce results and serve the public. It will offer on-the-job training, special courses, and intensive study abroad to enable government servants to meet these standards.

The Afghan private sector needs to develop the skills to engage in production, investment, and marketing. It needs to learn how to bid on international contracts, raise capital through formal institutions, purchase and use insurance, calculate the costs and benefits of investments, develop business plans, and package and market goods according to international standards.

The Afghan people, especially our youth, need to learn marketable skills and prepare themselves for today's knowledge-based global economy. We need to provide the less educated with vocational skills to fill demands for construction, infrastructure building, and maintenance of assets. We need to assure the widespread literacy and numeracy that are needed to function and

succeed in a market economy. We will establish vocational and on-the-job skills building programs, while upgrading our higher education system to orient it toward the managerial and professional skills our development effort requires.

To enhance the health of the nation, Government will make it a priority to ensure that that Afghans throughout the country have access to the Basic Package of Health Services to reduce infant, child, and maternal mortality. Providing access to a basic package of health services currently costs US$ 3.50 per capita; Government aims to increase this to US$ 5.80 per capita to cover reasonable recurrent hospital expenditures.

4. *Protecting rights and social protection for the poor:* The government will also take additional measures to enhance protection of the rights of the poor. The registration of land will aim at protecting people from land grabs, and providing security for investment in fixed capital, which requires land to operate. Registration of land rights has another important economic function. Much of the savings of Afghans is locked up in land and housing that is currently unproductive: protecting and formalizing land rights can transform this dead savings into living capital. Once registered, land can be used as collateral with formal financial institutions, thus unlocking an important source of credit for investment and growth. As noted below, Government will also invest in public infrastructure. Measures to protect the rights of the poor, including property rights, will also help guarantee that they enjoy equitable access to those public goods, such as irrigation water and electric power, which are sometimes monopolized by local power holders.

Together with our international partners, we must also provide social protection for the poor and vulnerable especially in rural areas, including their rights to basic services, land, and freedom from physical harm and human trafficking. In the immediate term, the Government will initiate a country-wide process of land registration and establish a fair system for the settlement of land disputes.

4 *To create an enabling environment for entrepreneurship and private investment* in the formal sector, the Government will fight corruption and streamline regulatory and tax policy, so that the Government reduces rather than increases the risks of entrepreneurship. The Government will ensure macroeconomic stability and provide a regulatory framework to promote financial services for rich and poor alike, and enable profitable trade and transit, and to attract investment. Government aims to make it easy and profitable to set up, invest in and run profitable businesses in Afghanistan (see Sector 8 below for greater detail on our priority activities in this area). By making targeted investments, we aim to stimulate particular sources of private sector -led growth, which will drive our economy in the short to medium term. Four examples are highlighted below:

FOUR PRIORITY SOURCES OF GROWTH

As Government creates an enabling environment for pro-poor private sector development, we will target our investments to stimulate particular sources of growth that will increasingly drive our economic development. Four examples are summarized below.

1. *High-value Agriculture, Pastoralism, Agro-processing and Rural Industries:* Agriculture is the largest sector of the licit economy and also employs most of the poor. Agriculture has historically included not only subsistence farming, but also high-value horticultural crops, such as fruit (often processed into dried fruit) and cotton, which in the past supplied a small state-owned textile industry. In addition, many Afghans engage in pastoralism, either as nomads or in conjunction with settled farming. Pastoralism produces not only milk and meat but also wool, which serves as the basis for Afghanistan's carpet industry.

Improvements in market access, power supply, cold storage, quality control, and standards could greatly improve the productivity of agriculture and pastoralism, expand the range of high-value crops produced, and reduce migration to cities. Such improvements could also help promote small industries based on backward or forward linkages. These could include promoting the processing of agricultural products for export and a supporting investment in a number of industries with potential for import substitution, such as production of household goods and construction materials.

2. *Productive use of State Assets* will be prioritized for generation of Government revenues through (i) sale of public land for housing and use of revenues for Government investment in infrastructure and urban development; (ii) rural and urban housing schemes; and (iii) privatization of state owned enterprises. The Government currently has considerable land holdings within and outside of the major cities as well as in rural areas. The Government will undertake a survey of all urban and peri-urban land that it owns. Once complete, Government will prioritize the development of land with urban services (paved roads, electricity, water, sidewalks, and lighting) through low-cost loans and then sell or lease lots through open competitive bidding. The Government will use the revenue generated from the sale or lease of public land, together with international assistance and low-cost loans, to provide the infrastructure and incentives for the private sector to build low-cost housing to be sold or leased to middle and low-income families. Housing construction will have considerable forward and backward linkage effects on the economy, including employment creation, especially if the import composition of construction materials can be reduced. Based on the results of the land survey, government may also allocate state-owned agricultural land to poor cultivators.

The state owns a large number of enterprises of varying financial status. The Government has assessed each of these enterprises against a set of criteria to determine whether they should remain in government ownership, be liquidated, or be privatized. Government will strengthen management, oversight, and transparency for those SOEs that remain under its control. The total amount of revenue that the sale or liquidation of the State Owned Enterprises (SOEs) will generate is as yet uncertain, but can be put in a separate fund to support economic development.

3. *Mining and Extractive Industries:* Mining, along with other sectors such as airlines, telecommunications, and energy, is one of the few areas where we believe Afghanistan might be

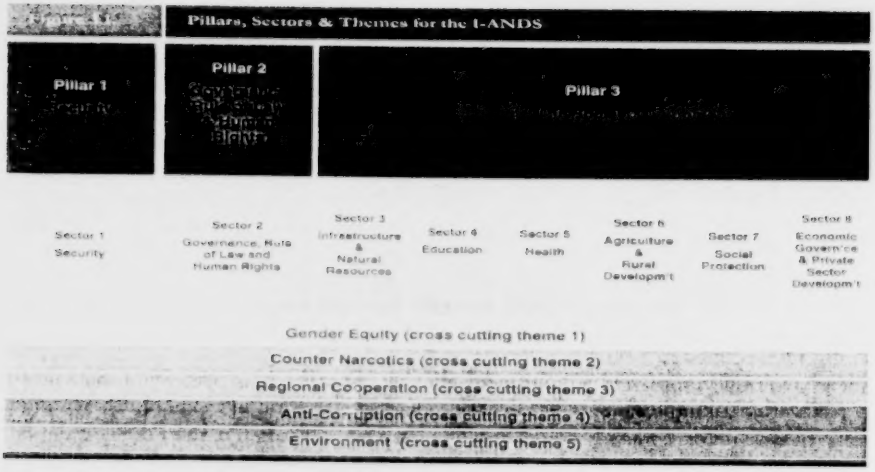
able to attract significant foreign direct investment over the next five years. Afghanistan has reserves of iron, copper, coal, hydrocarbons, quarry materials, and gemstones that have not been formally developed. To take advantage of the potential of the mining sector the Government will address regulatory,[9] fiscal and institutional deficiencies, exercise greater control over local strongmen, invest in the infrastructure of roads, energy and water systems, secure sufficient skilled labor, and remove landmines and unexploded ordinance in the relevant areas. We will also promote processing of our minerals rather than exporting the raw materials.

4 *Regional Cooperation, Transit trade in Energy and Goods:* Afghanistan possesses significant potential to generate income from transit through rents and tolls. The best known example of a transit project is the Trans-Afghan Pipeline (TAP), which will carry natural gas from Turkmenistan through western and southern Afghanistan to Pakistan and then, potentially, on to India. There are other plans for possible energy transit, including the sale of hydropower by Tajikistan to Pakistan and the construction of oil as well as gas pipelines across Afghanistan. Construction of such projects will create employment and build skills, while their operation will produce significant income for the state. Improvements in our road network and border management will bring all Central Asian capitals within 36 hours of a seaport. Establishing such transit corridors will require road improvements, construction of rail heads or railroads, provision of security along transit corridors and better border management to prevent delays.

Balancing our investments across these four areas is also essential to assuring appropriate allocations of resources between the urban and rural sectors. Many families pursue livelihood strategies that include activities in both locations, as well as abroad, and incomes and investment link them in many ways. We should not achieve our goal of reducing poverty through raising agricultural productivity at the cost of driving unemployed rural people into cities where there is little employment, housing, or sanitation. Hence our efforts at promoting agricultural development will be balanced by support for the development of rural industries and productive activities in small towns and regional cities, away from Kabul. Even if we succeed in slowing urbanization, however, it will continue, which requires us to find resources to improve the infrastructure in our cities and provide improved housing and urban amenities on a very limited budget.

STRATEGIC FRAMEWORK AND PROGRAMS

To provide an effective mechanism for the implementation of our security, governance and economic development priorities, Government has updated its policy framework, making it more firmly pro-poor and growth oriented. The new structure comprises three interrelated Pillars: (1) Security; (2) Governance, Rule of Law, and Human Rights; and (3) Economic and Social Development. See Figure 3.1 Below:


Pillars, Sectors & Themes for the I-ANDS
Pillar 1
Pillar 2
Pillar 3
Sector 1 Security
Sector 2 Governance, Rule of Law and Human Rights
Sector 3 Infrastructure & Natural Resources
Sector 4 Education
Sector 5 Health
Sector 6 Agriculture & Rural Developm't
Sector 7 Social Protection
Sector 8 Economic Governance & Private Sector Developm't
Gender Equity (cross cutting theme 1)
Counter Narcotics (cross cutting theme 2)
Regional Cooperation (cross cutting theme 3)
Anti-Corruption (cross cutting theme 4)
Environment (cross cutting theme 5)

These three pillars are divided into eight sectors across which five crosscutting themes have been mainstreamed. All existing government ministries, agencies and other units, as well as national programs, will be integrated under this new structure so that it provides a comprehensive framework for the budget and for development planning as a whole. Throughout 1385 (2006/7), comprehensive consultations on this structure may lead to reform and rationalization of those government units.

The following sections summarize the overall aims, measurable objectives, constraints and key strategies for each of the crosscutting themes and sectors in the I-ANDS. The cross-cutting themes are summarized up front, but many of their critical programmatic elements are addressed under the pillars into which they will be mainstreamed. It is important to note that the Five-year Strategic Benchmarks, highlighted in boxes, correlate fully with Government's commitments under the Afghanistan Compact. In this way, the I-ANDS becomes the strategic mechanism for implementing our Compact obligations.

CROSSCUTTING THEMES

Government will mainstream crosscutting themes of gender, counter-narcotics, regional cooperation, anti-corruption, and environmental protection into our investment framework.

GENDER EQUITY

The Government's goal is to eliminate discrimination against women, develop their human capital and promote their leadership in order to guarantee their full and equal participation in all aspects of life in Afghanistan.

Government's Five-year Strategic Benchmarks

By Jaddi 1389 (end-2010): the National Action Plan for Women in Afghanistan will be fully implemented; and in line with Afghanistan's MDGs, female participation in all Afghan governance institutions, including elected and appointed bodies and civil service, will be strengthened.

Context: Since 1380 (2001/2), Afghanistan's women have made significant progress toward achieving equity. Afghanistan's Constitution guarantees non-discrimination and equality of women and men, reserving to women an average of two seats per province in the lower house of the National Assembly (currently equivalent to 27%) and one-sixth of the seats in the upper house, pledging to promote educational programs and health care for women, and guaranteeing the rights of vulnerable women. Women represented 44% of the voters registered for the presidential elections. School enrollment rates for girls have risen significantly. Nonetheless, Afghan women have one of the lowest indicators in the world according to the Gender Development Index (GDI), which combines life expectancy, educational achievements and standard of living.[10] Gender gaps in health, education, access to and control over resources, economic opportunities, justice and political participation remain pervasive.

Constraints: Government agencies have not yet mainstreamed a gender-responsive approach towards policy making; cultural, social and religious sensitivities relating to gender issues affect the pace and acceptance of reforms; pervasive obstacles to education for girls and women affect both access and quality of education; lack of education and mobility results in limited participation of women in the economy; the majority of Afghan women are deprived of equal protection before the law; violence against women and girls remains pervasive, and inheritance and property laws largely discriminate against women leaving widows or divorced women particularly vulnerable; women are poorly represented in leadership and power, including supervisory, managerial, policy and decision-making roles.

Sectoral strategies and programs: To overcome these constraints Government will: (1) develop a 10-year National Plan of Action for Women to support gender mainstreaming. Each ministry will establish a unit to facilitate the monitoring of its implementation; (2) build the capacity of government agencies to engage in gender analysis, communications, negotiation and advocacy; gender budgeting; and drafting gender sensitive policies, planning, and monitoring; (3) undertake a national advocacy campaign to broaden support among the citizenry for a new understanding of the appropriate role of women in a modern Islamic republic; (4) focus on improving women's access to health services, in particular to reproductive health services; (5) remove gender disparities with respect to both access to education and quality of education; (6) promote women's economic empowerment through facilitating access to capital, marketing and skills development; (7) provide targeted social protection for vulnerable women, particularly for widows and chronically poor female headed households, and work toward an increase in their employment rates; and (8) improve women's access to political participation at the national levels and at the community level.

COUNTER-NARCOTICS

The Government's long-term aim is to secure a sustainable decrease in poppy cultivation, drug production, consumption of illicit drugs and trafficking, with a view to complete and sustainable elimination of narcotics from Afghanistan, in order to pave the way for pro-poor, private sector-led economic growth.

Government's Five-year Strategic Benchmarks

1. By Jaddi 1389 (end-2010), the Government will strengthen its law enforcement capacity at both central and provincial levels, resulting in a substantial annual increase in the amount of drugs seized or destroyed and processing facilities dismantled, and in effective measures, including targeted eradication, as appropriate, that contribute to the elimination of poppy cultivation.

2. By Jaddi 1389 (end-2010), the Government and neighboring and regional governments will work together to increase coordination and mutual sharing of intelligence, with the goal of an increase in the seizure and destruction of drugs being smuggled across Afghanistan's borders, and effective action against drug traffickers.

3. By Jaddi 1389 (end-2010), the Government will increase the number of arrests and prosecutions of traffickers and corrupt officials, and will improve its information base concerning those involved in the drugs trade, with a view to enhancing the selection system for national and sub-national public appointments.

4. By Jaddi 1389 (end-2010), the Government will design and implement programs to achieve a sustained annual reduction in the amount of land under poppy and other drug cultivation, by the strengthening and diversification of licit livelihoods and other counter-narcotics measures, as part of the Government's overall goal of a decrease in the absolute and relative size of the drug economy, in line with the Government's MDG target.

5. By Jaddi 1389 (end-2010), the Government will implement programs to reduce the demand for narcotics, and provide improved treatment for drug users.

Context: Between 1381 (2002/3) and 1383 (2004/5) opium production in Afghanistan rose from 3,400 MT to 4,200 MT, before decreasing marginally in 1384 (2005/6).[11] According to the UN Office of Drugs and Crime (UNODC), Afghanistan produced approximately 87% of illicit opium worldwide in 1383 (2004/5). At approximately US$ 2.8 billion, the total value of opiates (including both raw opium and processed products such as morphine and heroin) produced in Afghanistan that year, equaled an estimated 47% of Afghanistan's non-drug GDP. This represents a mark up of nearly five times the farm-gate value of the opium harvest and contrasts with the Government's (core) budget of US$ 1.9 billion. Cultivation covered only 2.3% of Afghanistan's arable land (up to 10% of land in opium growing villages) in 1383 (2004/5) and provided regular employment for 8.7% of the population as a whole. Another, albeit uncounted, section of the population is involved with the various stages of trafficking,

processing, and marketing of the product, all of which add more value than cultivation. The proportion of the population that benefits from forward and backward linkages to the illegal drug trade, i.e. through construction, trade and transport, is much higher. Opium growing has become the principal livelihood in several rural areas, as it determines access to land and credit; it also provides the demand and financing that generates much urban economic activity.

The business of narcotics concerns each pillar in the I-ANDS. The illicit revenues and parallel power structures generated by the drug trade distort the economy and undermine the elected government. Insecurity in parts of the country can be linked with proceeds from the illicit drug trade inside Afghanistan and beyond its borders. A reduction in trafficking, and gradual measures to eliminate the cultivation of poppy for narcotics will increase state authority and reduce insecurity across the nation.

Constraints: The characteristics of poppy pose strong challenges for counter-narcotics measures: there is a relatively short time between planting and harvesting, the crop is extremely resilient and can grow in arid conditions while suffering no major natural disease. It is stored with minimum risk of perishing and is easy to transport. It has high cash value and can be traded throughout the year, making it an ideal savings deposit and a guaranteed source of advance credit for poor farmers. In the absence of significant development and rule of law, no other economic activity provides competitive returns. The cash incomes produced by drug trafficking finance bribes that have corrupted significant portions of the administration.

Sectoral Strategies and Programs: Our counter-narcotics strategy focuses on interdiction and law enforcement against traffickers and processors while investing in licit livelihoods for those, especially the poor, who now depend economically on narcotics. This strategy targets those who benefit most from the criminalized economy while protecting the rights of the poor, assuring that counter-narcotics enhances our pro-poor, private-sector growth strategy. Eradication will be used when and where licit livelihoods are available. The eight activities of this strategy include: (1) building strong institutions; (2) enhancing law enforcement and interdiction; (3) developing sustainable alternative livelihoods; (4) strengthening criminal justice; (5) reducing demand for narcotics and increasing treatment of drug addicts; (6) continuing eradication efforts; (7) increasing public awareness; and (8) promoting international and regional cooperation.

REGIONAL COOPERATION

Government's goal is to contribute to regional stability and prosperity, and to facilitate the enabling conditions for Afghanistan to resume its role as a land bridge between Central and South Asia in order to benefit from increased trade and export opportunities.

Government's Five-year Strategic Benchmarks

By 1389 (end-2010): Afghanistan and its neighbours will achieve lower transit times through Afghanistan by means of cooperative border management and other multilateral or bilateral trade and transit agreements; Afghanistan will increase the amount of electricity available through bilateral power purchase; and Afghanistan, its neighbours and countries in the region will reach agreements to enable Afghanistan to import skilled labour and to enable Afghans to seek work in the region and send remittances home.

Context: Since 1380 (2001/2), the importance of regional cooperation to Afghanistan's reconstruction, economic development, and security has increased. Without the confidence and cooperation of its neighbors, Afghanistan cannot enjoy the stability it needs to reconstruct the country and to reduce the threat posed by drug trafficking networks and terrorists. Political and economic progress has been made at the regional level, as marked by a series of declarations and agreements.[12] Afghanistan has been transformed from a country under international sanctions and excluded from international political and economic affairs to one that now enjoys official relations with most countries of the world. Countries of the region have recognized the need to reduce the costs of trade and are also increasingly cooperating on security issues, including border management and efforts against trafficking.

Constraints that must be overcome include: managing the destabilizing impact of geopolitical and regional dynamics, drug and human trafficking, and money laundering; the restrictive trade policies of neighbors and outdated trade and transit agreements that lack monitoring mechanisms; the lack of institutional and human resources to initiate or coordinate regional initiatives or to facilitate private-public partnerships; the lack of information for the private sector about opportunities for trade and investment at the regional level; the lack of effective civil aviation links; and weak road infrastructure.

Sectoral Strategies: Government will: (1) build institutional and human capacities for regional cooperation; (2) strengthen political cooperation and honor membership commitments in regional and international organizations; (3) pursue trade liberalization with a view to joining the World Trade Organization (WTO); (4) develop effective policies and programs for trade facilitation, in particular modernizing our customs codes, procedures and infrastructure and improving our transport and border infrastructure; (5) develop trade in electricity, and energy; seeking opportunities for power purchasing agreements with neighbors; (6) strengthen cross-border cooperation focusing on interdiction and law enforcement; and (7) encourage the active participation of the private sector in regional cooperation.

ANTI-CORRUPTION

Government's long-term aim is to eliminate corruption in the public and private sector in order to improve the effectiveness, transparency, and accountability of government, and to create an environment conducive to investment.

Government's Five-year Strategic Benchmark

The UN Convention against Corruption will be ratified by Jaddi 1385 (end-2006), national legislation adapted accordingly by Jaddi 1386 (end-2007) and a monitoring mechanism to oversee implementation will be in place by Jaddi 1387 (end-2008).

Context: Corruption undermines the accountability of government, eroding public trust and reducing the legitimacy of state institutions. Corruption is a means for illegal armed groups to maintain their hold on power structures at the provincial and district levels, preventing the

consolidation of state authority and rule of law. In the justice sector, the sale of judicial access and favorable decisions to the highest bidder fundamentally undermines the security and basic rights of citizens, especially the poor, women, and children. State and non-state actors who violate the law are emboldened by this state of impunity. The burgeoning illegal narcotics trade generates products with a market value at the Afghan border of US$ 2.8 billion domestically in 2004-05, and finances corruption of the public sector.

Corruption is also a significant disincentive for investment, slowing transactions and increasing their costs, while raising the unpredictability of regulatory procedures such as licensing and the enforcement of property rights and contracts. By reducing market competition within the emerging private sector, corruption reinforces the informal and illicit economy. Corruption also affects the enforcement of customs and tax administration. Bribery, *bakhsheesh*, and other "facilitation payments" diminish the amount of revenue collected by the state.

Constraints: Reliable information on corruption is unavailable; unreformed public administration creates incentives and opportunities for corruption; the legal and regulatory framework governing Afghanistan is embryonic; external oversight bodies such as the Auditor General and National Assembly are new institutions that are only now starting to compose themselves; central Government has limited oversight over sub-national administration; continued reliance on foreign aid makes Government vulnerable to misuse and poor fiscal management; insufficient regulation and monitoring enables abuse of non-governmental organization status; public sector involvement in the opium economy destabilizes the state; and media and other institutions responsible for holding public institutions accountable and informing the public are still emerging.

Sectoral Strategies and Programs: Government's anti-corruption strategy has four inter-related and mutually-reinforcing components which will: (1) strengthen public sector management; (2) strengthen public accountability systems; (3) strengthen the legal framework and judicial system; and (4) control corruption within counter-narcotics institutions. In addition to these four strategic elements, the Government will conduct research for reliable data and valid measurements of corruption.

ENVIRONMENT

Government's overall aim is to protect the environmental integrity of Afghanistan and to support sustainable development of natural resources through active participation by communities and the private sector in order to achieve economic growth supportive of peace-building, security, and equity.

Government's Five-year Strategic Benchmark

In line with Afghanistan's MDGs, environmental regulatory frameworks and management services will be established for the protection of air and water quality, waste management and pollution control, and natural resource policies will be developed and implementation started at all levels of government, as well as at the community level, by 1386 (end-2007).

Context: Afghanistan continues to be highly vulnerable to environmental damage that threatens the nation as well as the planet, given that up to 80% of Afghans remain dependent on natural resources for income and sustenance.[13] Marginalized groups and those farming only small rain-fed plots suffer most from environmental degradation. Habitats for animals and plants are disappearing, which is placing increasing strains on food sources. Afghanistan's forest cover has been cut in half since 1357 (1978) as a result of demand for timber in Afghanistan and Pakistan, and a lack of energy alternatives to firewood. The depletion of forests and vegetation through illegal harvesting, widespread grazing, and dry land cultivation increases soil and riverbank erosion and draws down the water table. Pollution and poor sanitation are depleting our clean water resources. Reduction of the water table is decreasing land productivity and increasing the risks of floods and mudslides.

Constraints: The government lacks the ability to integrate sustainable development approaches into the national development framework; environmental legislation and the regulatory framework is underdeveloped and unenforceable; public awareness of environmental and natural resource issues is limited; and insecurity facilitates unsustainable exploitation of and inequitable access to natural resources.

Sectoral Strategies and Programs: Government will (1) clarify responsibilities in the environmental arena and strengthen the capacity of National Environmental Protection Agency; (2) develop and implement a legal and regulatory framework that ensures sustainable use of natural resources; (3) build environment and natural resource management capacity within line ministries; (4) initiate community-based management of natural resources; (5) introduce environmental education and vocational training; and (6) promote regional cooperation on environmental and natural resource management.

PILLAR ONE & SECTOR ONE:

SECURITY

Government's overall aim, with the direct support of the international community is to establish a legitimate monopoly on force and law enforcement that provides a secure environment for the fulfillment of the rights of all Afghans, ensuring freedom of movement for people, commodities and ideas, and social and economic development.

Context: Afghanistan's geo-strategic position, Islamic government and strong partnership with the international community make Afghanistan an essential contributor to both global and regional security. However, threats to national and personal security remain major impediments to growth and poverty reduction in spite of the very significant gains made within the sector since 1381 (2002/3).

History dictates that Afghanistan's security is very much interrelated with international affairs and that Afghanistan's National Security Policy must therefore take into full account political and strategic developments on and far beyond our own borders. Currently, both immediate security and long-term stability are under threat. Afghanistan continues to experience terrorism in the southern and eastern regions. Terrorism enjoys safe havens outside of Afghanistan and has become more effective and lethal in its operations. The Government and UNAMA have also counted about 1,800 illegal armed groups tied to local power holders. These armed groups are present in all areas, unlike the terrorism which is mostly limited to areas along the southern and eastern borders. Terrorism prevents the Government and donors from providing services in important parts of the country and threatens long-term political stability. Both terrorists and other illegal armed groups are funded by the drug trade and other criminal activities.

Creating new, effective security forces will take time and poses several challenges. While many Afghans are familiar with weapons, few are familiar with the discipline required to form a genuine security force operating according to the rule of law. Furthermore, the international community has imported models of security forces that impose costs Afghanistan may not be able to sustain. Afghanistan lacks control of its borders, which are regularly crossed by terrorists, drug traffickers, and other criminals. These criminals are often better armed and equipped than the Afghan police.

Constraints: While security is threatened by myriad political and economic forces, there has been limited investment in winning the war on terror and establishing the rule of law; warlords and drug barons have ruled by force for much of the past 25 years and reintroducing a system of justice has proved difficult; the drug economy produces narcotics whose value at the border in 1383 (2004/5) was estimated at 47% of non-drug GDP, providing anti-government forces with the financial resources to resist the government, and also encouraging forces opposed to central government to reject the state's efforts to extend its legal monopoly on force; there has been insufficient support for the coordination role of the NSC as the body responsible for inter-ministerial security coordination.

There is growing concern within Government that the public sector wage and operating costs for the security sector (particularly the ANA and ANP) will remain beyond the capacity of government to sustain given limited domestic revenues and competing claims from other needy sectors. The sector will require continued and substantial support from the international

Community for many years to come, covering both recurrent (wage and operations and maintenance) and capital costs.

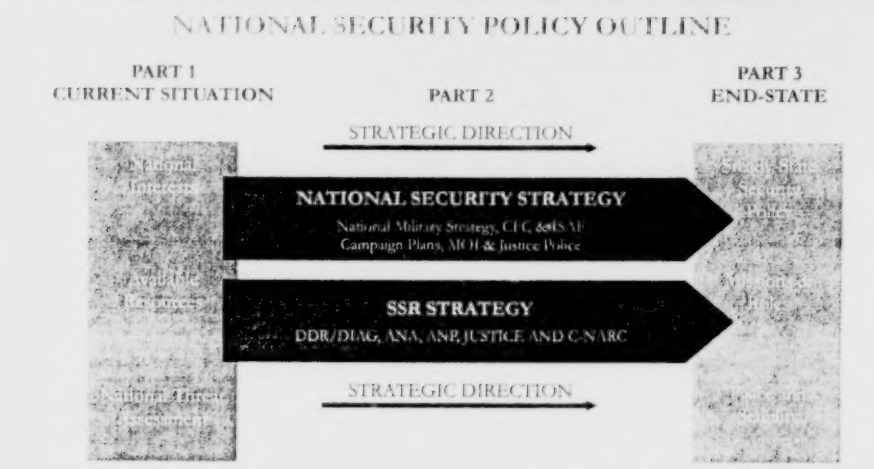
Currently, there is a lack of qualified women within both services and this must be rectified if services provided are to be equitable in coverage. Furthermore, administrative and civil service reforms have not been effective, particularly for the Ministry of Interior and Ministry of Justice, and this must be addressed through the Priority Reform and Restructuring process (PRR), as a pre-condition for improving good governance. There is a severe shortfall in available capital and human resources, particularly with regard to managerial capability which impacts the availability of skilled personnel across all security sector institutions.

Citizen expectations with regard to Government authority remain high, although frustration regarding national political capacity to address needs could easily turn to antagonism over time. The absence of civilian oversight of the security sector by the National Assembly has historically undermined accountability of the executive organs of state.

While Provincial Reconstruction Teams (PRTs) have largely been effective at promoting security, due to the prevalence of parallel command structures, coordination across PRTs has been weak. Many of their reconstruction activities have been poorly aligned to the strategic development needs of particular communities, and lack of local ownership has sometimes undermined ongoing maintenance and repair of PRT-funded constructions. As PRT resources do not go through the national budget, these resources have fallen outside of the policy steerage of central government.

Sectoral Strategies and Programs: National Security Policy establishes how the government intends to transition from the current state of relative insecurity and poverty, to relative security and prosperity. As such it identifies two strategic areas of inter-related activity as being central to achieving the government's security vision; the National Security Strategy that covers all operational security activities and the National Security Sector Reform Strategy that is designed to build the capacity of the Afghan security sector so that it can manage its own security environment without external assistance. National Security Policy can be conceptually portrayed as follows. Based on the current situation (Part 1), the Policy articulates the strategies necessary (Part 2) to make the transition to steady state security (Part 3). That structures is represented as follows:

Figure 2.2 **Overall Framework for Afghanistan's Development Planning**



National Security Coordination: The National Security Council (NSC), which is an Afghan body, is the highest level security body in the Government and operates at cabinet level. The NSC is charged with the direction and coordination of all security ministries and security related policies and is chaired by the President. In order to ensure that all subordinate security activities are coherent, the NSC has established two strong strategic-level coordinating committees at the principals level that also include international representation: the SSR Coordination Committee (SSRCC) and the Security Coordination Forum (SCF). They will have the responsibility, on behalf of the NSC, of ensuring that ministerial strategic initiatives are mutually reinforcing to the maximum extent possible and generally coordinating deconfliction. The SSRCC and SCF will be provided with secretarial support by the Office of the National Security Council (ONSC). The SSRCC and SCF are supported by a Deputies Committee (DC). When formed, the DC will be the senior sub-cabinet group tasked with monitoring the work of the inter-agency process and identifying unresolved policy issues for the Principals Committees. Sector specific national coordination responsibilities are as follows:

Under this coordinated structure, our key strategies for addressing security constraints will be addressed through programs in (1) national defense; (2) internal security and law enforcement; (3) disbandment of illegal armed groups; and (4) de-mining.

PROGRAM 1: NATIONAL DEFENSE

Government's Five-year Strategic Benchmarks

1. Through Jaddi 1389 (end-2010), with the support of and in close cooperation with the Afghan Government, the NATO-led International Security Assistance Force (ISAF), Operation Enduring Freedom (OEF), and their respective Provincial Reconstruction Teams (PRTs) will promote security and stability in all regions of Afghanistan, including by strengthening Afghan capabilities.

2. By Jaddi 1389 (end-2010): The Government will establish a nationally respected, professional, ethnically-balanced Afghan National Army that is: democratically accountable, organized, trained and equipped to meet the security needs of the country and increasingly funded from Government revenue, commensurate with the nation's economic capacity; support will continue to be provided to Afghanistan in expanding the ANA towards a ceiling of 70,000 personnel articulated in the Bonn talks; and the pace of expansion is to be adjusted on the basis of periodic joint quality assessments by the Afghan Government and the international community against agreed criteria which take into account prevailing conditions.

Program Strategy: The Government's objective is to build an ANA that is representative of the population, nationally oriented, well trained and equipped, professional, able to meet the security needs of the country, loyal to the constitution and the government, and increasingly fiscally sustainable. The Ministry of Defense will cooperate with the ONSC and the international community in the Security Sector Reform process. In order to conform with the National Security Policy and to achieve best operational practice, the Ministry of Defense has restructured and reorganized its functions under the authority of the Minister of Defense into an Executive Ministerial Office supported by two separate but complimentary headquarters: the Headquarters of the Ministry of Defense, to deal mainly with policy and the Headquarters General Staff to command operations. The Executive Office of the Headquarters will receive, process, and coordinate all formal staff actions and tasks between the Headquarters, Ministry of Defense and the Headquarters, General Staff. Informal sharing of information and coordination directly between offices and departments within each headquarters is encouraged and expected. The ANA will assist the ANP and ABP for internal security operations and on the Afghan border.

PROGRAM 2: INTERNAL SECURITY AND LAW ENFORCEMENT

Government's Five-year Strategic Benchmarks

By Jaddi 1389 (end-2010), a fully constituted, professional, functional, and ethnically balanced Afghan National Police and Afghan Border Police with a combined force of up to 62,000 will be able to meet the security needs of the country effectively and will be increasingly fiscally sustainable.

Program Strategy: The Ministry of Interior (including ANP) aims to meet the governance and security needs of the country through the development of a professional, competent, well-trained, human rights-respecting, ethnically balanced police force that over the years will become fiscally sustainable; and the emplacement of good governance processes that ensure best practice from the national to district levels of government. MoI provides nation-wide law enforcement services and manages local administration in all provinces and districts throughout Afghanistan. The ministry's prime policies are the following: (1) reinforcing the rule of law; (2) reinforcing the rule of law; (3) investigating corruption and crime; (4) fighting against illegal drugs (5) disbanding illegally armed groups; (6) protecting human rights and gender equality (7) combating sectarianism to establish a national police force; and (8) increasing the trust of the Afghan people in the ANA and the police's educate the public about the tasks and purpose of the ANP and the rights of the citizen in relation to the police.

PROGRAM 3: DISBANDMENT OF ILLEGAL ARMED GROUPS

Government's Five-year Strategic Benchmark

All illegal armed groups will be disbanded by Jaddi 1386 (end-2007) in all provinces.

Program Strategy: The purpose of the DIAG process is to disband those illegally constituted groups that threaten human security and the rule of law, in order to create a secure and stable environment in which Afghans and international investors will commit to the future of a prosperous Afghanistan. The Government will declare when the end state is achieved and residual challenges are deemed to be within the capacity of the Afghan state. Measurable benchmarks include that all illegal armed groups will be disbanded by Jaddi 1386 (the end of 2007).

PROGRAM 4: DE-MINING

Government's Five-year Strategic Benchmark

By Jaddi 1389 (end-2010), in line with Afghanistan's Millennium Development Goals (MDGs) and Afghanistan's Ottawa Convention obligations, the land area contaminated by mines and unexploded ordnance will be reduced by 70%; all stockpiled anti-personnel mines will be located and destroyed by Jaddi 1386 (end-2007), and by Jaddi 1389 (end-2010) all unsafe, unserviceable, and surplus ammunition will be destroyed.

Program Strategy: On Hut 10, 1381, (March 1, 2003), Afghanistan became party to the Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on Their Destruction (Antipersonnel Mine Ban Treaty). Afghanistan has committed to establishing a complete ban on antipersonnel mines through the implementation of an overarching framework for mine action. This framework includes the clearance of antipersonnel mines within 10 years, destroying all antipersonnel mine stockpiles, providing mine risk education, assisting landmine survivors and meeting reporting requirements. This framework has been translated into a Mine Action Program for Afghanistan Public Investment Program 1384-1387 (2005/6 - 2008/9).

PILLAR TWO & SECTOR TWO:

GOVERNANCE, RULE OF LAW, & HUMAN RIGHTS

Our overall aim is to establish and strengthen government institutions at the central and sub-national levels in order to achieve measurable improvements in the delivery of services and the protection of rights of all Afghans.

Context: Afghanistan has made significant progress in governance, justice and human rights protection since 2001. Our new Constitution requires structures of governance that are Islamic, accountable, transparent and effective. With the formation of both houses of the National Assembly and the appointment of a new Supreme Court within thirty days of the convening of the *Wolesi Jirga*,[1] the principal institutions of the three Constitutional branches of government have been established. The Constitution gives the National Assembly significant powers to complement and balance the executive and judicial branches of power, while linking national policy-making to the people. It provides clear guidance on how government institutions should be modernized and strengthened at all levels as a basis for the effective delivery of public services and justice for all.

Constraints: The state does not yet have the capacity or resources to govern effectively. It mobilizes less domestic resources as a percentage of GDP than any other state in the world for which data are available. It lacks trained people; management systems for people, information, money, and communications. There is uneven commitment to, ownership of, and leadership for public administration reform across government. The justice sector is weak. Corruption is pervasive in procurement, public works, service delivery, tax collection, and policing. Illicit power holders mobilize resources from the narcotics and other illicit sectors of the economy, which enable them to create private armed groups or to pay (bribe) officials far more than their salaries.

The manner in which much needed foreign aid is channeled also contributes to the weakness of the state. Less than 25% of aid goes through the national budget, resulting in parallel delivery structures and pay scales that undermine government legitimacy, reduce public service capacity and lead to policy incoherence. The public sees little connection between tax compliance with the Government and service delivery, which undermines Government efforts to build fiscal capacity. The structure of the Afghan administration also constitutes an obstacle to good governance.

Insecurity and the lack of trust in justice institutions are the most immediate constraints to justice reform and establishment of rule of law. Due to the inaccessibility of state justice services, only an estimated 10% of legal matters are handled by state justice services.[2] The justice sector is weak generally, and human rights and legal protections guaranteed to all Afghans by the constitution, laws of state, and international treaties are routinely denied.

Religious scholarship has declined and centers of religious knowledge have fallen into disrepair. National Assembly systems, including the basic legal framework and procedures, are in the early stages of development. Uneven commitment to public administration reform exists across government. A pervasive culture of impunity exists due to the lack of an independent judiciary and professional law enforcement.

National Strategies and Programs: The Government aims to overcome these constraints through national investment programs in (1) empowering the National Assembly; (2) justice and the rule of law; (3) religious affairs; (4) public administration reform; and (5) human rights, including women's rights.

PROGRAM 1: EMPOWERING THE NATIONAL ASSEMBLY

Government's Five-year Strategic Benchmarks

1. The National Assembly will be provided with technical and administrative support by the first quarter of 1385 (mid-2006), to fulfill effectively its constitutionally mandated roles.

2. The Afghanistan Independent Electoral Commission will have the high integrity, capacity and resources to undertake elections in an increasingly fiscally sustainable manner by Jaddi 1387 (end-2008), with the Government of Afghanistan contributing to the cost of future elections as much as possible from its own resources. A permanent civil and voter registry with a single national identity document will be established by Jaddi 1388 (end-2009).

Program Strategy: Government will have oversight of a general coordination mechanism for the various donor initiatives supporting the National Assembly. Government is in the process of establishing the necessary physical and communications facilities for the National Assembly. Construction of the National Assembly building is nearly complete. The Secretariat of the National Assembly will support the development of functional directorates and will draft the principle responsibilities of the National Assembly in accordance with previous laws, documents, and international examples, and in cooperation with international experts. It also will support the development of regulations for operations, record keeping, and security, as well as ensure that staff and members are trained in these rules. The Secretariat will collect regulations and documents from the previous period of Parliamentary government in order to create an archive. The Government will facilitate the training of National Assembly members and staff necessary to perform their duties.

PROGRAM 2: JUSTICE & THE RULE OF LAW

Government's Five-year Strategic Benchmarks

1. By Jaddi 1389 (end-2010), the legal framework required under the Constitution, including civil, criminal, and commercial law, will be put in place, distributed to all judicial and legislative institutions, and made available to the public.

2. By Jaddi 1389 (end-2010), functioning institutions of justice will be fully operational in each province of Afghanistan. The average time to resolve contract disputes will be reduced as much as possible.

3. A review and reform of oversight procedures relating to corruption, delay in the process and miscarriage of justice will be initiated by Jaddi 1385 (end-2006) and fully implemented by Jaddi 1389 (end-2010). By Jaddi 1389 (2010) reforms will strengthen the professionalism, credibility and integrity of key institutions of the justice system (the Ministry of Justice, the Judiciary, the Attorney General's office, the Ministry of Interior and the National Directorate of Security).

4. By Jaddi 1389 (end-2010), justice infrastructure will be rehabilitated, and prisons will have separate facilities for women and juveniles.

5. A process for registration of land in all administrative units and the registration of titles will be started for all major urban area by Jaddi 1385 (end-2006), and all other areas by Jaddi 1387 (end-2008). A fair system for settlement of land disputes will be in place by Jaddi 1386 (end-2007). Registration for rural land will be under way by Jaddi 1386 (end-2007).

Program Strategy: Government will establish a sustainable and affordable system of justice that is available and acceptable to all Afghans and will serve as the principal legitimate institution for accessing justice and regulating disputes in conformity with international standards. The Government will continue to reform Afghanistan's basic legal framework. Across the justice sector, it will strengthen professional skills and implement standards through administrative reforms and skills training. The permanent justice institutions will continue to restructure and clarify their respective missions and mandates. Government will meet minimum infrastructure requirements in the short-term through multi-purpose facilities, with special attention to the needs of women and children. It will improve coordination in the development of different components of the justice and security sectors. The Ministry of Justice will regularize the role of formal and informal justice mechanisms and their respective roles, enhancing the legitimacy and efficiency of both. Permanent justice institutions will provide services required in a minimally acceptable state justice sector, with an emphasis on strengthening protections for vulnerable and geographically remote people. We will increase public awareness and confidence in the justice system through a nation-wide campaign and increased transparency in court decisions.

PROGRAM 3: RELIGIOUS AFFAIRS

Government's Five-year Strategic Benchmarks

1. By Jaddi 1389 (end-2010), religious institutions and scholars, both men and women, will participate in structured ways on issues of national development policy.

2. By Jaddi 1389 (end-2010), concrete measures will be put in place to ensure that the status and participation of women in Islamic activities increase, both locally and internationally.

Program Strategy: Government's goal is to ensure that all Afghans can participate equally in the religious life of the nation and that Islamic teachings, principles and scholarship are consulted regarding the nation's development agenda, governance institutions, and legal framework, in order to ensure that our political, economic, and social progress coexists in harmony with Islamic values, principles and institutions. The Government will protect Islamic institutions, promote Islamic values, and improve religious infrastructure, including mosques and shrines. It shall expand and support religious schools (*madrassas*), train mullahs and religious teachers, and finalize a country-wide academic syllabus for primary and higher education in Islamic studies. Government will promote the revitalization of advanced Islamic scholarship. For Afghan pilgrims, the Government will strengthen its system of managing the Hajj. The Ministry for Hajj and Religious affairs will coordinate with the Ministry of Education to ensure that our religious and general education policies are not inconsistent.

PROGRAM 3: PUBLIC ADMINISTRATION REFORM

Government's Five-year Strategic Benchmarks

1. By Jaddi 1389 (end-2010), Government machinery (including the number of ministries) will be restructured and rationalized to ensure a fiscally sustainable public administration; the Civil Service will be strengthened; and civil service functions will be reformed to reflect core functions and responsibilities.

2. A clear and transparent national appointments mechanism will be established within 6 months, applied within 12 months, and fully implemented within 24 months for all senior level appointments to the central government and the judiciary, as well as for provincial governors, chiefs of police, district administrators, and provincial heads of security.

3. By Jaddi 1385 (end-2006) a review of the number of administrative units and their boundaries will be undertaken with the aim of contributing to fiscal sustainability.

4. By Jaddi 1389 (end-2010), in furtherance of the work of the Civil Service Commission, merit-based appointments, vetting procedures, and performance-based reviews will be undertaken for civil service positions at all levels of government, including central government, the judiciary and police and to provide requisite support to build the capacity of the civil service to function effectively. Annual performance-based reviews will be undertaken for all senior staff (Grade 2 and above) starting by Jaddi 1386 (end-2007).

5. The census enumeration will be completed by Jaddi 1387 (end-2008) and the complete results published.

6. Reliable statistical baselines will be established for all quantitative benchmarks by the first quarter of 1386 (mid-2007) and statistical capacity built to track progress against them.

Program Strategy: Through the Public Administration Reform program, the Government will ensure that there is improved coordination between decision-making bodies within the central government. It will reform the ministry structure and simplify administrative procedures and business processes. The Independent Administrative Reform and Civil Service Commission ("IARCSC") will assist line ministries and decision-making bodies with reforms of sub-national administration and monitor and evaluation the process. Government will work through line ministries and decision-making bodies to strengthen coordination and improve service delivery through improved sub-national administration, beginning with revenue and service delivery ministries. We will create an effective, financially sustainable civil service and gradually phase out donor supplementation of salaries. The IARCSC will strengthen rules and procedures for a professionally managed civil service, including promotion of high ethical standards and establishment of disciplinary measures for corrupt or unethical practices. We will adopt a merit-based recruitment system that promotes gender equity and ethnic diversity. Finally, Government will establish a coherent, comprehensive skills development program for existing and new civil servants. International technical assistance will be better managed to ensure faster, more sustainable skills transfer, including in the area of project management.

PROGRAM 5: HUMAN RIGHTS, INCLUDING WOMEN'S RIGHTS PROGRAM

Government's Five-year Strategic Benchmarks

1. By Jaddi 1389 (end-2010): the Government's capacity to comply with and report on its human rights treaty obligations will be strengthened; Government security and law enforcement agencies will adopt corrective measures including codes of conduct and procedures aimed at preventing arbitrary arrest and detention, torture, extortion, and illegal expropriation of property with a view to the elimination of these practices; the exercise of freedom of expression, including freedom of media, will be strengthened; human rights awareness will be included in education curricula, and promoted among legislators, judicial personnel, and other Government agencies, communities and the public; human rights monitoring will be carried out by the Government and independently by the Afghan Independent Human Rights Commission (AIHRC), and the UN will track the effectiveness of measures aimed at the protection of human rights; and the AIHRC will be supported in the fulfillment of its objectives with regard to monitoring, investigation, protection and promotion of human rights.
2. The implementation of the Action Plan on Peace, Justice and Reconciliation will be completed by Jaddi 1387 (end-2008).

Program Strategy: The Government will work with the AIHRC and the international donor community to develop and strengthen capacities to protect and promote human rights, including awareness training for civil servants. The Ministry of Foreign Affairs will continue to develop the capacity required to report to appropriate treaty bodies on the implementation of international legal instruments signed and ratified by Afghanistan. The Government will

continue to promote and protect women's rights through harmonizing the women's provisions in the major policy frameworks of the country, improving access to justice, and raising awareness on issues such as child marriage, domestic violence, and women's employment. To strengthen the protection of children's rights, the Government will introduce laws and policies to protect children, establish preventative measures against sexual abuse of children and strengthen measures to counter child-trafficking. The Government will promote and protect disabled people's rights by working towards removal of barriers that deter them from full participation in society, through advocacy and increasing awareness of their special needs and promoting their hiring in the work force.

PILLAR THREE

ECONOMIC AND SOCIAL DEVELOPMENT

Our overall economic goal is to achieve "pro-poor growth," through high growth rates that directly impact those living in poverty. We estimate that we need a sustained real growth rate of 9% per year of that GDP to compensate for the economic contraction that will be caused by the elimination of the narcotics sector.

As detailed earlier in Part Three of this Summary, the Government of Afghanistan envisages the private sector as the main source of growth, with agriculture and small and medium enterprises dominating the private sector in the short to medium term.[9] The role of the public sector will be to deliver the public goods needed for this strategy, including basic services, not to engage in production or trade directly. Even in the delivery of basic services, Government will assume the role of policy maker: setting the policy and regulatory framework enforcing the law and contracting and monitoring interventions rather than directly providing services, wherever possible.

The Government's economic and social development strategy is structured across five sectors: infrastructure and natural resources, education, health, agriculture and rural development, social protection and economic governance and private sector development. Our priorities and strategies for all five sectors follow:

SECTOR THREE: INFRASTRUCTURE AND NATURAL RESOURCES

Government's goal is to create a sustainable, productive and essential infrastructure in order to provide the building blocks for private sector expansion, equitable economic growth, increased employment and accelerated agricultural productivity.

Context: Functioning infrastructure is essential to pro-poor growth in Afghanistan. Accelerating our agricultural productivity, increasing efficiencies in the trade sector and supporting our entrepreneurial business community all demand reliable and inexpensive access to infrastructure. Small and large businesses need reliable access electric power. A viable major road network is essential to our becoming a transport and trading 'hub' in the Central Asian region. Rural access roads will ensure that remote and peripheral poppy growing areas are more accessible to law-enforcement agencies, while opening up former poppy farming areas to markets for licit high-value crops, and broadening access to health and education (particularly for girls and women). Capital is more likely to flow to Afghanistan with a more business-friendly infrastructural system. Greater attention to the strategic management of natural resources will ensure that Afghanistan achieves greater energy and financial self-sufficiency. Rational urban development will radically reduce the negative impact of rapid urbanization. Communication technologies will harness the diversity of Afghanistan, facilitating pluralism and dialogue among Afghans and with the larger world.

Constraints: Afghanistan has a vast array of essential infrastructural priorities, and failure to move ahead in any of these areas will severely constrain our economic development, plans and ultimately our governance and security goals. Our road system is one of the worst in the world, and we have no rail system. Among landlocked developing countries, Afghanistan has one of the longest distances to a seaport, over 2,000 km, over harsh terrain. Afghanistan lies towards the bottom of global rankings with regard to per capita access to electricity. Only six percent of the Afghan population has access to public electricity, the majority of whom are in the more economically prosperous cities such as Kabul. Huge portions of Afghan's inhabitants remain physically cut off from regular urban economic commerce. Afghanistan's telecommunication baseline is one of the worst anywhere (tele-density of 1.6 telephones per 1,000 people, in 1382 (2003/2004). Air transport cannot respond adequately to international and domestic demand. Afghanistan's cities are undergoing some of the most rapid levels of urbanization in the world (in particular Kabul, whose population grew by 50% from 1381 (2002/3) to 1383 (2004/5). Urban infrastructure and systems cannot keep pace with such rapid urbanization, resulting in an equally rapid growth of slums, marked urban poverty and suffering.

Sectoral Strategies and Programs: Government aims to overcome these constraints through investment programs in (1) national roads and road transport; (2) air transport; (3) energy and water; (4) telecommunications; (5) natural resources and mining; and (6) urban development and housing. These commitments and programs have been determined by Government because they are mutually reinforcing and will lay the foundation for pro-poor growth. Investments in infrastructure and natural resource development are vital for high levels of growth in the aggregate economy, lowering the costs of doing business, enhancing economic competitiveness abroad, and extending access to markets, particularly for remote communities. Investments in power and roads will remove a major constraint to increasing productivity. Irrigation and integrated water resource management, and broader communications access to market based information will lead to greater productivity and market integration in synergy with investments at the community level. Across all these infrastructure programs, Government will focus on accelerating project implementation, completing pre-feasibility and feasibility studies and providing technical assistance for all major programs through the National Program/Project Support Office (NAPSO).

PROGRAM 1: NATIONAL ROADS AND ROAD TRANSPORT

Government's Five-year Strategic Benchmark

Afghanistan will have a fully upgraded and maintained ring road, as well as roads connecting the ring road to neighboring countries by Jadi 1387 (end-2008), and a fiscally sustainable system for road maintenance by Jadi 1386 (end-2007).

Program Strategy: Government will complete the road sector master plan, ensuring coherence and strategic integration in planning and implementation. The national ring road and roads connecting the ring road to neighboring countries will be constructed, facilitating Afghanistan's role as a land-bridge. Government will construct provincial and rural access roads to ensure that

economic integration extends to Afghanistan's more peripheral rural citizenry, in line with our alternative livelihoods objectives. The Ministry of Public Works will be reformed into a streamlined, modern bureaucracy, providing capacity building in-house. We will ensure that a fiscally sustainable system for road maintenance is in place by Jaddi 1386 (end-2007), which will include tools and weigh stations, and that environmental Impact Assessments are factored into all road projects.

PROGRAM 2: AIR TRANSPORT

Government's Five-year Strategic Benchmarks

- By Jaddi 1389 (end-2010): Kabul International Airport and Herat Airport will achieve full International Civil Aviation Organization compliance; Mazar-i-Sharif, Jalalabad and Kandahar will be upgraded with runway repairs, air navigation, fire and rescue and communications equipment; seven other domestic airports will be upgraded to facilitate domestic air transportation; and air transport services and costs will be increasingly competitive with international market standards and rates.

Program Strategy: The Government will outsource all functions possible, to reap efficiencies and facilitate a competitive service environment, ensuring that we can compete in a tough and lean global business. Kabul International Airport will be upgraded to meet international certification standards. Government will implement an aggressive training program to enhance capacity in major domestic airports and to ensure that the multiplier effect of economic progress is equitably distributed. We will implement far-reaching institutional reforms to the independent Civil Aviation Authority (CAA) and Ministry of Transport. Long-term capacity building objectives will be balanced with shorter-term capacity support, through focused expatriate professional input and training, ensuring ICAO compliance and longer-term improvements in Ministry and CAA functionality.

PROGRAM 3: POWER AND WATER

Government's Five-year Strategic Benchmarks

1. By Jaddi 1389 (end-2010), electricity will reach at least 65% of households and 90% of non-residential establishments in major urban areas, and at least 25% of households in rural areas; at least 75% of the costs will be recovered from users connected to the national power grid. A strategy for the development and the use of renewable energies will be developed by Jaddi 1386 (end-2007).
2. Sustainable water resource management strategies and plans, covering irrigation and drinking water supply, will be developed by Jaddi 1385 (end-2006), and irrigation investments will result in at least 30% of water coming from large waterworks by Jaddi 1389 (end-2010).

Program Strategy: Government will overcome the current bottleneck in power supplies, first by cross-border power purchases and then by the rehabilitation and establishment of major hydro-power schemes, some of them in cooperation with our neighbors. We will seek to assure that power reaches rural areas and slums to support small enterprise development. The Ministry of Energy and Water will evolve into a fiscally disciplined institution that effectively engages in cost recovery and provides reliable low cost electric service to all Afghan citizens in an environmentally responsible manner, consistent with sound business practices. In the area of water management, our strategy will rehabilitate, sustainably develop, and utilize water resources and irrigation infrastructure in accordance with international environmental norms and equitable access for all Afghans. We will establish a river basin management system to collect data for planning, development and management of water resources at a local level. The development of multipurpose water management infrastructure will enable water conservation, power generation, and resource protection. Irrigation, integrated water resource management and broader communications access to market based information will lead to greater productivity and market integration in synergy with investments at the community level. In the full ANDS, Government will implement a comprehensive analysis of our water supply and demand forecasts over the years to come. For both power and water, enhancing our capacity to maintain infrastructure and manage services will be essential.

PROGRAM 4: TELECOMMUNICATIONS

Government's Five-year Strategic Benchmark

By Jaddi 1389 (end-2010), a national telecommunications network to be put in place so that more than 80% of Afghans will have access to affordable telecommunications, and more than US$ 100 million dollars per year are generated in public revenues.

Program Strategy: Government will establish a telecommunications regulatory system that assigns the government regulatory responsibility while raising investor confidence. We will additionally establish a public telecommunications backbone, on which the private sector can build, to ensure that the economic and social discourse extends to rural areas.

PROGRAM 5: MINING AND NATURAL RESOURCES

Government's Five-year Strategic Benchmark

An enabling regulatory environment for profitable extraction of Afghanistan's mineral and natural resources will be created by Jaddi 1385 (end-2006), and by Jaddi 1389 (end-2010) the investment environment and infrastructure will be enhanced in order to attract domestic and foreign direct investment in this area.

Program Strategy: We will accelerate commercialization of mineral and gas holdings, increasing efficiencies and improving employment opportunities. Government will also seek international investment in major untapped mineral and gas holdings, to optimize revenues and benefits derived from a finite resource base. We will enhance mineral exploitation in an intelligent and informed fashion. The Ministry of Mines and Industries (MoMI) will be restructured to become more of an enabler and regulator than an implementer, thereby increasing efficiencies and improving the competitiveness of the industry. We will privatize state owned enterprises to ensure that exploitation of natural resources is premised on financial sustainability. We will rehabilitate mapping and surveying services, facilitating mineral exploration, as well as the planning and design of other economic development projects. Government will strengthen the National Environment Protection Agency (NEPA) to ensure that natural resources are exploited in a sustainable manner, with a focus on the well-being of future generations.

The Government believes Afghanistan can attract significant direct foreign investment towards the development of our minerals over the next five years. Afghanistan has reserves of iron, copper, coal, hydrocarbons, quarry materials, and gemstones that have not been formally developed. To take advantage of the potential of the mining sector the Government will address regulatory, fiscal and institutional deficiencies, exercise greater control over local strongmen, invest in the infrastructure of roads, energy and water systems, secure sufficient skilled labor, and remove landmines and unexploded ordinance in the relevant areas. We will also promote processing of our minerals rather than exporting the raw materials.

PROGRAM 6: URBAN DEVELOPMENT

Government's Five-year Strategic Benchmark

By Jaddi 1389 (end-2010): municipal governments will have strengthened capacity to manage urban development and to ensure that municipal services are delivered effectively, efficiently and transparently; and in line with Afghanistan's MDGs, investment in water supply and sanitation will ensure that 50% of households in Kabul and 30% of households in other major urban areas will have access to piped water.

Program Strategy: Housing development is often a major challenge for and component of post conflict recovery. Government's strategy will be to manage expected high levels of urbanization in the coming years by ensuring urban development happens rationally and sustainably while modern and effective urban services are provided as cost effectively as possible. We will focus in particular on land titling to promote security of property rights for urban home owners. We will also strengthen the capacity of municipalities to manage urban development and to deliver services effectively and transparently. Specific measures will be taken to stamp out corruption and develop a service orientation in our municipal administrations.

SECTOR FOUR: EDUCATION

Government's goal is to significantly improve the quality of, and promote equitable access to, education, skills development and other social services in order to re-invigorate Afghanistan's human capital, reduce poverty and facilitate economic growth.

Context: Universal access to primary and secondary education is the foundation for literacy, skills development and the establishment of a productive work force, essential elements of human capital. Provision of higher education extends and professionalizes the opportunities offered by the Primary and Secondary Education program, supplying the public and private sectors with leaders. Non-formal education, apprenticeship programs and Vocational Education and Training (VET) will provide workers with skills relevant to the evolving needs of employers and the economy. Culture, media and sport round out the sector strategy by developing the full citizen.

Constraints: We cannot achieve the vision set out in the Constitution or national development strategy without investing in our citizens. The constraints to achieving our educational goals are immense. The legacy of conflict, combined with gender discrimination and under-investment in social development, has led to the depletion of Afghanistan's human capital. Since 1381 (2002/03), the Government has made considerable progress expanding access to education, yet far more remains to be done. Lack of equitable access and the poor quality of education opportunities are severely limiting people's ability to participate productively in the economy. The shortage of both qualified and experienced professionals is a significant constraint to the development of an effective, modern and responsive civil service, as well as a vibrant private sector. Due to a complete absence of vocational training capacities and opportunities, skilled and semi-skilled labor must be imported from within and outside the region at a high cost. Afghanistan's cultural heritage risks further destruction, a huge potential loss to the people and an obstacle to developing the tourism industry. Lack of access to and full freedom of the press limits the ability of people to participate in society. Increasing the productivity of human capital requires both short-term investments in training and skills development and long-term investments in education and culture.

Sectoral Strategies and Programs: To overcome these constraints the Government's key education programs will (1) expand access to Primary and Secondary education, increase enrollment and retention rates, and strengthen the curriculum and quality of teachers; (2) build a well-managed and internationally recognized system of Higher Education that responds to Afghanistan's growth and development needs; (3) develop an effective Skills Development system that is responsive to labor market needs, and (4) expand a Culture Media and Sports program that expands coverage and freedom of the press, safeguards and rebuilds Afghanistan's cultural heritage, and improves access to sports.

PROGRAM 1: PRIMARY AND SECONDARY EDUCATION

Government's Five-year Strategic Benchmark

By Jaddi 1389 (end-2010), in line with Afghanistan's MDGs, net enrollment in primary school for girls and boys will be at least 60% and 75% respectively; a new curriculum will be operational in all secondary schools; female teachers will be increased by 50%; 70% of Afghanistan's teachers will have passed a competency test; and a system for assessing learning achievement, such as a national testing system for students, will be in place.

Program Strategy: Government will support teacher training by adding distance learning and will develop modern curricula and quality monitoring mechanisms. Infrastructure and supply programs will be expedited to ensure coordinated and timely efforts and universal coverage. Government will rationalize the network of schools and review the service conditions and pay of education personnel. Community participation in school management will be encouraged. Success cannot be measured only by sending children to school, but by equipping them with the necessary literacy, numeracy, problem-solving and critical thinking skills needed to face the challenges and requirements of an expanding peacetime economy.

PROGRAM 2: HIGHER EDUCATION

Government's Five-year Strategic Benchmark

By Jaddi 1389 (2010), enrollment of students in universities will be 100,000, with at least 35% female students; and the curriculum in Afghanistan's public universities will be revised to meet the development needs of the country and private sector growth.

Program Strategy: The tertiary education sector, regulated by the Ministry of Higher Education, will include universities (public and private), colleges and training institutes. Government will limit the number of publicly funded higher education institutions to ensure quality and focus on graduating the next generation of public and private sector leaders. Public universities will have increased institutional autonomy, but will adhere to regulations set by the Ministry. Government will pursue partnerships with the private sector and education foundations for resource mobilization and diversification of higher education opportunities.

PROGRAM 3: SKILLS DEVELOPMENT

Government's Five-year Strategic Benchmark

A human resource study will be completed by Jaddi 1385 (end-2006), and 150,000 men and women will be trained in marketable skills through public and private means by Jaddi 1389 (end-2010).

Program Strategy: Government will conduct a national skills assessment survey, establish advisory committees to oversee the development of the VET program and accelerate the National Skills Development Program. The roles of the government, private sector and NGOs will be clarified, with government in the managerial role and the private sector and NGOs

implementing programs, as per national strategy. Linkages to countries and institutions beyond Afghanistan will strengthen national capacity. Government will continue to focus on developing the skills of unemployed older youths and demobilized soldiers, but also ensure that there is gender equity across our skills development program, and vulnerable groups are given access to appropriate opportunities to strengthen their livelihood security.

PROGRAM 4: CULTURE, MEDIA, AND SPORT

Government's Five-year Strategic Benchmark

1. A comprehensive inventory of Afghan cultural treasures will be compiled by Jaddi 1386 (end-2007). By Jaddi 1389 (end-2010), measures will be taken to revive Afghan cultural heritage, to stop the illegal removal of cultural material and to restore damaged monuments and artifacts.
2. By Jaddi 1389 (end-2010), the media will be protected as independent, pluralistic and accessible to Afghan women and men throughout the country, thereby promoting an open and democratic society.
3. By Jaddi 1389 (end-2010), sports will be promoted, with special emphasis on creating access for children, women and the disabled.

Program Strategy: The Government will develop a national strategy to expand coverage and freedom of the press, increasing access to print, radio, and televised media to promote democracy, accountability and personal development. It will also take specific measures to safeguard and rebuild Afghanistan's cultural heritage, and improve access to sports.

SECTOR FIVE: HEALTH

Government's goal is to reduce the morbidity and mortality of the Afghan population by implementing a package of health and hospital services, special programs, and human resource development

Context: Access to basic health care is not only a fundamental right, it is an essential element of nurturing a productive work force that can participate fully in our economic growth. Afghanistan's growth strategy cannot take off without a healthy and fit workforce. The long-term future of Afghanistan depends upon adequate, long-term investment in the health sector. The country suffered from very high mortality and morbidity even before the Soviet invasion. Twenty-three years of war have adversely affected health service delivery and the Taliban period worsened an already difficult situation. Since 1381 (2002/03), the Government has made considerable progress in increasing access to health care services. But while on-going efforts have contributed to some progress in improving health status-measles immunization now extends to 75% of one year old children- the overall situation remains grim, and infant and under-5 mortality rates are unacceptably high. The poor state of maternal health, characterized

by a high maternal mortality ratio (MMR), reflects the low status of women, poor infrastructure, and a barely functioning curative health care system. Reducing child mortality, improving maternal health and combating tuberculosis, malaria, HIV/AIDS and other diseases are central to Afghanistan's efforts to achieve the MDGs.

Constraints: The health status of the Afghan population, particularly women and children, remains among the worst in the world. The country is far behind its South Asian neighbors on key health indicators such as life expectancy, infant-, under-5 and maternal mortality, and total fertility rates. The under-five mortality rate in 1381/82 (2003) was 230 deaths per thousand live births, meaning that nearly a quarter of Afghan children born do not reach their fifth birthday. The average Afghan woman has 6.8 children during her reproductive life, more than twice the South Asian average (3.3).

Sectoral Strategies and Programs: To overcome these constraints, the Government will focus on the following programs: (1) extending the basic package of health services; (2) extending the essential package of hospital services; (3) initiating the national communicable and non-communicable disease control program; and (4) strengthening the health sector human resource management program.

PROGRAM 1: EXTENDING THE BASIC PACKAGE OF HEALTH SERVICES

Government's Five-year Strategic Benchmark

By Jaddi 1389 (end-2010), in line with Afghanistan's MDGs, the Basic Package of Health Services will be extended to cover at least 90% of the population, maternal mortality will be reduced by 15%, and full immunization coverage for infants (under-5) for vaccine preventable diseases will be achieved and their mortality rates reduced by 20%.

Program Strategy: The Basic Package of Health Services (BPHS) will form the core of service delivery in all primary health care facilities, and will promote a redistribution of health services by providing equitable access, especially in underserved areas. The defined package is being offered as four standard types, ranging from outreach by community health workers, to outpatient care at basic health centers and inpatient services at comprehensive health centers and district hospitals. The package has a strong focus on conditions that affect women and children. It entails basic services at low cost, addressing the main causes of morbidity and mortality and aiming to provide health services to all Afghans, especially to those who are poor and live in remote and rural areas.

PROGRAM 2: EXTENDING THE ESSENTIAL PACKAGE OF HOSPITAL SERVICES

Government's Five-year Strategic Benchmark

1. By Jaddi 1389 (end-2010), the EPHS will be implemented in 50% of provincial and regional hospitals.
2. By Jaddi 1389 (end-2010), community boards will be established in 50% of all provincial and regional hospitals.
3. By Jaddi 1389 (end-2010), the proportion of district and provincial hospitals providing good quality emergency obstetric care will be increased to 80%.

Program Strategy: The government will achieve these objectives through developing national standards for hospital management and clinical care but also through supporting services such as maintenance. Management and clinical staff of hospitals will be trained in applying these national standards. Their performance will be regularly monitored and a system of supportive supervision will be established. A crucial precondition for the implementation of these strategies is the successful and transparent completion of the PRR process, following homogeneous staffing patterns. The implementation of the EPHS also includes the implementation of a standardized system to provide hospitals with supplies and equipment.

PROGRAM 3. NATIONAL COMMUNICABLE/NON-COMMUNICABLE DISEASES CONTROL

Government's Five-year Strategic Benchmarks

1. By Jaddi 1389 (end-2010), a low prevalence of HIV-positive cases (<0.5%) in the population will be maintained in order to reduce mortality and morbidity associated with HIV/AIDS.
2. By Jaddi 1389 (end-2010), malaria morbidity will be reduced by 50% and malaria mortality will be reduced by 80%.
3. By Jaddi 1389 (end-2010), the risk of infection, morbidity and mortality due to tuberculosis will be reduced by increasing Direct Observed Treatment-Short Course (DOTS) population coverage to 100% by Jaddi 1385 (end-2006).
4. By Jaddi 1389 (end-2010), at least 70% of infectious TB cases will be detected and at least 85% of those cases will be cured.

Program Strategy: Due to special logistical and input requirements, these diseases have to be managed outside the BPHS and EPHS structure. National initiatives will be designed to meet

these objectives as well as ensure improvements in eye care, the control of leprosy and leishmaniasis.

PROGRAM 4: HEALTH SECTOR HUMAN RESOURCE MANAGEMENT

Government's Five-year Strategic Benchmark

By Jaddi 1389 (end-2010), X suitably qualified, appropriately skilled, balanced and motivated staff for the health sector will be equitably deployed throughout Afghanistan to deliver the BPHS and EPHS.

Program Strategy: The health workforce will be employed through two mechanisms. Approximately 8,500 will be employed by NGO grantees to provide community health services utilizing a contracting mechanism. The Ministry of Public Health will directly employ 12,775 persons utilizing a transparent competitive process as part of PAR. The Ministry of Public Health has established a Human Resources Department at General Directorate level, a system of National Health Worker Registration, a Human Resources Database, and a National Testing and Certification Examination Process to establish equivalencies and identify upgrading training needs. It has also upgraded pre-service Nursing and Midwifery programs and set standards for accreditation of training institutes and programs. Continuing education and retesting will increasingly be required for health workers.

SECTOR SIX: AGRICULTURE AND RURAL DEVELOPMENT

Government's goal is to achieve pro-poor growth in rural areas by enhancing licit agricultural productivity, creating incentives for non-farm investment, developing rural infrastructure, and supporting access to skills development and financial services that will allow individuals, households and communities to participate licitly and productively in the economy.

Context: Agriculture constitutes over 50% of the licit Afghan economy and provides employment to nearly two-thirds of the workforce.[17] Decades of war led to substantial underinvestment in rural areas, and in many cases, to the systematic destruction of rural infrastructure. Since 1380 (2001/2), there has been a strong recovery in much of the country and improved availability of seeds and fertilizers. Total cereal production (primarily wheat) increased by 82% in 1380/81 (2002) and by a further 50% in 1381/82 (2003). Production of fruits, vegetables and livestock products has also increased since 1380 (2001/02), but will take longer to reach pre-conflict levels given the sharp reduction in livestock herds and destruction of orchards in recent years. Agriculture is a key source of growth in our economic strategy. Agriculture has historically included not only subsistence farming, but also high-value horticultural crops, such as fruit (often processed into dried fruit) and cotton, which supplied a small state-owned textile industry. In addition, many Afghans engage in pastoralism, either as nomads or in conjunction with settled farming. Pastoralism produces not only milk and meat but also wool, which serves as the basis for Afghanistan's carpet industry.

Constraints. Only 12% or 7.9 million hectares of the country's total land area is classified as arable. Geographically, nearly 75% of the arable area is concentrated in the north, northeast, and western regions of the country. Of the total arable area, not more than half is actually cultivated annually, mainly because of water availability. Destruction of infrastructure and under-investment in the agricultural sector has led to low levels of on-farm productivity, unsustainable water resource management and use, and lack of access to improved technologies. Weak rural infrastructure severely inhibits growth and participation of the private sector in the delivery of inputs and services and marketing outputs. Over the period of conflict and drought, there was limited advancement in farm production and in agro-processing technologies. Farmers were unwilling to change production methods and cropping patterns because of uncertainty about the future and the absence of effective extension services to provide training in the latest production techniques. Processing facilities for horticultural products are either old or non-existent, compounding the problem of poor quality product at the farmer level. A lack of social capital and skills, access to credit and market linkages undermines initiatives in non-farm based industries and enterprises. Malnutrition is also a key obstacle to Afghanistan's rural development. Finally, expansion of the livestock is constrained by the feed base.

Sectoral Strategy and Programs: To overcome these constraints, the Government will engage in investment programs in (1) agriculture; (2) rural infrastructure including irrigation water management; (3) community development (4) rural financial services, and (5) rural enterprise development.

PROGRAM 1: AGRICULTURE

Government's Five-year Strategic Benchmark

By Jaddi 1389 (end-2010), the necessary institutional, regulatory and incentive framework to increase production and productivity will be established to create an enabling environment for legal agriculture and agriculture-based rural industries, and public investment in agriculture will increase by 30 percent, and particular consideration will be given to perennial horticulture, animal health and food security by instituting specialized support agencies and financial service delivery mechanisms, supporting farmers associations, branding national products, disseminating timely price and weather-related information and statistics, providing strategic research and technical assistance, and securing access to irrigation and water management systems.

Program Strategy. The Government will increase investments in the agricultural sector (including horticulture and livestock) and promote the development of agri-businesses and rural non-farm enterprises as engines of economic growth. We will improve access to and distribution of land by developing a land titling and registry system that will keep appropriate records of ownership. The Government will work to increase food diversity, improve real incomes and food security. Farmers will be trained in participatory methods and agro-economic survey techniques, and extension agents trained to respond to farmers' needs with research based on adaptive, on-farm methodologies. Regional research and extension centers will be rehabilitated. The Government will put in place laws and regulations for setting quality standards (for farm inputs, related

services, and farm produce) and ensure these through inspection and certification. Implementation of these programs will require the development of a rural credit institution which is best built on a network of farmers' associations that connect farmers with national-level financial markets.

PROGRAM 2: RURAL INFRASTRUCTURE INCLUDING IRRIGATION WATER MANAGEMENT

Government's Five-year Strategic Benchmark

1. By Jaddi 1389 (end-2010), the efficiency of irrigation water management, participatory decision-making and institutional reform, and environmental management will be increased and more equitable distribution of benefits across irrigation systems and across different agro-environments will be ensured.

2. By Jaddi 1389 (end-2010): access to safe drinking water will be extended to 90% of villages, and sanitation to 50%; and road connectivity will reach 40% of all villages, increasing access to markets, employment and social services; 47% of villages will benefit from small-scale irrigation; and livelihoods of at least 15% of the rural population will be supported through the provision of 91 million labor days.

Program Strategy: Government will rehabilitate traditional and formal irrigation systems throughout the country. It will improve water use efficiency by: facilitating community-based management and ownership of traditional irrigation systems; encouraging the formation of Water Users' Associations for rational and effective management of irrigation networks; promoting water harvesting and watershed management; improving information systems on water availability; promoting efficient land and water use practices; improving intake structures and corresponding on-farm water management. Integrated water resources management will be undertaken through the river basin approach. Training programs will be continued at different levels to promote irrigation sector efficiency.

Targeted infrastructure, vocational training, and good local governance will be promoted in collaboration with all stakeholders through community-led institutions, which will be empowered to articulate and address their own needs and priorities. The strategic focal areas will include rural well-being, local governance, gender-balanced development program transition, organizational development, and promotion of effective partnerships. Priority investments will include drinking water, sanitation, small-scale irrigation, roads and structures, schools, clinics, village electrification, mills and community centers.

PROGRAM 3: COMMUNITY DEVELOPMENT

Government's Five-year Strategic Benchmark

By End 1389 (end-2010), rural development will be enhanced comprehensively for the benefit of 19 million people in over 38,000 villages; this will be achieved through the election of at least a further 14,000 voluntary community development councils in all remaining villages, promoting local governance, and community empowerment and rural enterprises.

Program Strategy: To strengthen local governance through Community Development Councils (CDCs), the government will continue to support the National Solidarity Program (NSP), National Area Based Development Program (NABDP), and other key national programs. Government will also look to enter into financing arrangements with CDCs to promote community ownership and responsibility for maintaining investments. The relationship between CDCs and sub-national administrations and the newly established councils will be clarified and strengthened. The community development focus of existing and new rural investment programs will be strengthened so that the benefits of investment are broad and equitable. The Government also will continue to assist women to fully utilize their share of grants and equity in village decision-making processes.

PROGRAM 4: RURAL FINANCIAL SERVICES:

Government's Five-year Strategic Benchmark

By Jaddi 1389 (end-2010), a total of 800,000 households (22% of all Afghanistan's households) will benefit from improved access to financial services.

Program Strategy: To promote livelihoods and economic growth, Government will expand access to quality financial services especially for women and the poor by further developing rural credit (including insurance) and microfinance institutions through the Microfinance Investment Support Facility in Afghanistan (MISFA), creating a legally independent yet regulated sector, and mobilizing resources for investment in small and medium-sized enterprises, facilitating institutional linkages; and providing training in business development.

PROGRAM 5: RURAL ENTERPRISE DEVELOPMENT

Government's Five-year Strategic Benchmark

By Jaddi 1389 (end-2010), a policy and regulatory framework will be developed to support the establishment of small and medium rural enterprises, and institutional support will be

Established in all 34 provinces to facilitate new entrepreneurial initiatives by rural communities and organizations.

Program Strategy: To enable rural communities to bring existing farm and non-farm livelihoods into the formal sector, the government will develop the appropriate policy and regulatory framework and institutional facilities. Government will also facilitate skills and vocational training, institutional linkages, access to financial services and access to national markets. Skills development and vocational training will be provided to communities through the NSP; the NABDP will identify and promote potential local and regional rural industries and enterprises.

SECTOR SEVEN: SOCIAL PROTECTION

The government's goal is to increase the capacities, opportunities and security of extremely poor and vulnerable Afghans through a process of economic empowerment in order to reduce poverty and increase self-reliance.

Context: Overall economic growth does not necessarily translate into care and provision for all groups within society. Social protection policies and interventions will provide support to the critically poor, and help vulnerable Afghan groups better manage risks.[18] Targeted investments in Afghanistan, apart from standard rural development programs, are required for those who fall below the poverty line, those not benefiting from community-based and self-help groups, and groups in remote areas. Our social protection policies will also strengthen the targeting of current investments such as food aid and employment-based public works programs.

Constraints: The constraints we face in this area are immense: two decades of civil war have strained the traditional informal systems of support, while increasing the number of dependents in society. There is an urgent need to extend protection to those who fall outside existing social networks.

Sectoral Strategies and Programs: The government will achieve these objectives through investment programs in (1) humanitarian and disaster response; (2) support to vulnerable women; (3) support to unemployed youth and demobilized soldiers; (4) supporting the disabled; and (5) supporting refugees and displaced persons.

PROGRAM 1: HUMANITARIAN AND DISASTER RESPONSE

Government's Five-year Strategic Benchmark

1. By Jaddi 1389 (end-2010), in line with Afghanistan's MDGs, the proportion of people living on less than US$1 a day will decrease by 3% per year and the proportion of people who suffer from hunger will decrease by 5% per year.
2. By Jaddi 1389 (end-2010), An effective system of disaster preparedness and response will be in place.

Program Strategy: The Government will establish a national disaster preparedness and response capacity that effectively deals with both slow and quick-onset disasters throughout the country, resulting from either natural or man-made causes. It will consider a national food security reserve in order to support the pre-positioning of food and other emergency aid. With regard to the effective utilization and targeting of food aid, the Government will develop both the self-targeting procedures that minimize errors of exclusion, as well as focus on developing employment-generation capacities through public works. Communication and dissemination will serve as key tools in preparedness. The Government will take measures so that disaster information, and in particular, early warning information, is universally disseminated at the shura, district, provincial and national levels.

PROGRAM 2: SUPPORT TO VULNERABLE WOMEN

Government's Five-year Strategic Benchmark

By Jaddi 1389 (end-2010), the number of female-headed households that are chronically poor will be reduced by 20%, and their employment rates will be increased by 20%.

Program Strategy: Gender mainstreaming is the government's main strategy for attaining its goals in gender equality.[19] Promotion of women's advancement is a shared obligation within government and it is a collective responsibility of all sectors, institutions and individuals to include women or gender concerns in all aspects of government work,from policies to budgets, programs, projects, services and activities, including recruitment, training, promotion and allocation of benefits and opportunities. Affirmative steps will be institutionalized to ensure women's participation in all levels of policy and decision-making; beyond ensuring that women are numerically represented in government, opportunities will also be created to develop their leadership capacities. The actual participation and leadership of women is an essential component of gender mainstreaming; this program will look to establish local political advocates to champion its implementation.

PROGRAM 3: SUPPORT TO UNEMPLOYED YOUTH AND DEMOBILIZED SOLDIERS

Government's Five-year Strategic Benchmark

By Jaddi 1389 (end-2010), employment opportunities for youth and demobilized soldiers will be increased through special programs.

Program Strategy: Although the government has yet to fully develop an explicit policy to support youth development *per se*, government policies will aim to support the capacity building, knowledge enhancement, and promotion of juvenile abilities to participate in Afghanistan's

reconstruction and rehabilitation. It will set up a centre for employment of youth and juveniles, and to support the scientific, cultural, and arts rights of young innovators. The Afghan Government will look to develop a national youth development policy and enhance coordination efforts among government departments. Furthermore, it will coordinate efforts by civil foundations/NGOs and international organizations in order to address problems faced by young people in other key national programs.

PROGRAM 4: SUPPORT TO THE DISABLED

Government's Five-year Strategic Benchmark

By Jaddi 1389 (end-2010), increased assistance will be provided to meet the special needs of all disabled people, including their integration in society through opportunities for education and gainful employment.

Program Strategy: Government will create a barrier-free society for all based on the principles of participation, integration and the equalization of opportunities, as defined by the United Nations.[20] In doing so, the Government of Afghanistan gives priority to enabling disabled people to take charge of their lives by removing barriers that deter them from full participation in society. While continuing to honor the sacrifices that the war-disabled have made for Afghanistan, the Government will expand its focus to address the needs of other disabled populations as well.

PROGRAM 5: REFUGEES AND RETURNEES

Government's Five-year Strategic Benchmark

By Jaddi 1389 (end-2010), all refugees opting to return and internally displaced persons will be provided assistance for rehabilitation and integration in their local communities. Their integration will be supported by national development programs, particularly in key areas of return.

Program Strategy: The full voluntary return and reintegration of All Afghan refugees is a priority for Government. Our strategy for refugees' return is being formulated; the current Tripartite Agreements on voluntary repatriation with Pakistan and Iran will expire during the course of 1384/85 (2006). Government will negotiate their extension under mutually acceptable terms and conditions. To address concerns resulting from the recent security-related camp closures, such exercises will be carefully thought out on both sides of the border. With respect to the future planning of closures and consolidation, a mapping and analysis of camps and settlements with clear assessment criteria (e.g., security, prospects for return, potential for self-reliance) is underway but all camp closures, consolidation, and evictions should respect the voluntary character of return.

SECTOR EIGHT: ECONOMIC GOVERNANCE & PRIVATE SECTOR DEVELOPMENT

Government's goal is to improve the management and accountability of public expenditures so as to increase the effective utilization of resources through the budget as the tool of government policy. Government will also aim to create the conditions in which a dynamic and competitive private sector can flourish, contributing to economic growth, employment creation and poverty reduction.

Context: The establishment of sound economic management systems is vital for the provision of high quality basic services to Afghan citizens, and creating an enabling environment for private sector growth. Afghanistan has already made significant progress in achieving macroeconomic stability. Small to medium scale private sector activities have witnessed growth, but activities are predominantly driven by the international reconstruction effort and large-scale imports. With the exception of the telecommunications industry, the private sector has been largely reluctant to undertake medium to long-term productive investments. Although trade has increased at double digit levels, most of the exports are re-exports to Pakistan or Iran, while imports are largely financed by international aid and the drug economy.

Constraints: Government's public finance management systems and absorption capacity needs to be strengthened if we are to manage funding effectively. Unpredictable external budget support undermines our medium term fiscal framework, the centrality of the national budget as a tool of policy, and fiscal discipline. As a result of 25 years of war, the absence of rule of law, a formal regulatory environment and provision of services, the majority of private sector activity remains in the informal economy. While the informal economy is essential to our economic health in the short-term, reliance on that economy will reduce government revenues, restrict long-term growth, create anti-competitive pressures, encourage corruption, and deny protection for employees and consumers. One key priority of the government is therefore to facilitate an environment that creates competitive advantages for the private sector to operate in the formal economy. As more businesses gain better access to productive assets, particularly access to finance, formalization of the economy will also enhance productivity levels. This will, in turn, allow the government to gradually increase its tax base and domestic revenues, which is essential for improving its capacity to deliver basic services and to reduce its dependence on foreign aid.

Sectoral Strategies and Programs: To overcome these constraints, the Government will implement investment programs in (1) putting in place a Medium Term Fiscal Framework, (2) enhancing revenue collection, (3) enhancing public finance management, (4) improving the investment climate; (5) facilitating trade; and (6) strengthening financial services and markets.

PROGRAM 1: PUTTING IN PLACE A MEDIUM TERM FISCAL FRAMEWORK

Government's Five-year Strategic Benchmark

The MTFF guides the allocation of all budgetary resources from 1387 (2008/9), and Government will prepare a medium term expenditure framework for the 1388 (2009/10) budget and subsequent budgets.

Strategy. The Government aims to move towards a rolling five-year MTFF, supported by an annual national budget that is (1) fully consistent with the policy orientation of the I-ANDS, (2) fiscally sustainable, (3) comprehensive and integrated (i.e. recurrent and capital spending, core and external budgets), (4) disciplined, limiting spending to the resources available to implement government policies, (5) realistic and predictable (with both revenue and expenditure forecasts set over the medium term), (6) cost efficient in execution, through effective procurement, (7) increasingly focused on budgetary outcomes and performances and, (8) transparent and accountable (confirmed by audit).

PROGRAM 2: ENHANCING REVENUE COLLECTION

Government's Five-year Strategic Benchmark

Afghanistan's total domestic budgetary revenue, equivalent to 4.5% of estimated legal GDP in 1383 (2004/05), will steadily increase and reach 8% of GDP by 1389 (2010/11). The ratio of revenue to estimated total recurrent expenditures, including estimated recurrent expenditures in the core and external development budgets, is projected to rise from 28% in 1383 (2004/05) to an estimated 58% in 1389, resulting in a continuing need for (1) external assistance to the Core Budget and (2) increasing cost-effectiveness of assistance that funds recurrent expenditure thought the external development budget.

Strategy. Currently, domestic revenue collection amounts to about 5.4% as a percentage of official GDP and is one of the lowest in the world, only covering some 50% of the current operating budget.[1] To enhance revenues, Government will focus upon (1) the largest potential taxpayers in order to achieve the greatest rewards over the next five years; (2) reducing complexity and streamline procedures to reduce compliance costs for tax and customs. New regulations and procedures for customs and tax administration will support the implementation of the enacted customs and tax legislations and ensure that the Government has adequate authority to control and manage public finances; (3) maintaining strong levels of non-tax revenue through licensing of government natural resources, from bandwidth to airspace, from minerals to gas; (4) continuing the reform of the Mustoufiat offices (Provincial offices of the MoF), including their reorganization along functional lines reporting to the Treasury and General Presidency of Revenue, in order to strengthen their capacities; and (5) strengthening customs collection and enforcement mechanisms through enforcement the new customs code, further simplifying the tariff regime, modernizing the customs administration and improving controls at the border.

PROGRAM 2: ENHANCING PUBLIC FINANCE MANAGEMENT

Government's Five-year Strategic Benchmark

By Jaddi 1386 (end-2007), the Government will ensure improved transparent financial management at the central and provincial levels through establishing and meeting benchmarks for financial management agreed with and monitored by the international community, including those in the anticipated Poverty Reduction Growth Facility (PRGF). In turn, it aims to convince donors to increase the share of total external assistance to Afghanistan that goes to the Core Budget from 19.5% in 1384 (2004/5), to at least 50% by 1390 (2010/11).

Government acknowledges that improving our Public Finance Management (PFM) systems remains essential for all expenditure and revenue units of government, and will be a prerequisite to direct budget support from donors. Sustaining economic growth, building an effective, accountable state, and reducing poverty will require the development of public finances systems that: (i) are affordable (meaning aggregate fiscal discipline); (ii) allocate funding across sectors in accordance with I-ANDS strategic priorities; (iii) are sustainable, so that investments made today can be effectively operated and maintained in the future; (iv) are efficient, in the sense of value for money and service delivery; and (v) are transparent and accountable to the Afghan public and other stakeholders. Beyond meeting the benchmark above, we will also make improvements in our Afghanistan Reconstruction Fund (ARTF) eligibility rano, and adopt, through Cabinet, an action plan to strengthen Public Finance Management (comprising a plan to expand functionalities and coverage of our financial management software--AFMIS, reform *mostufiati*, prepare regulations of expenditure processing and accounting in accordance with the PFEM Law, and implement an annual internal audit plan under the MoF for the whole of government). Essential to our PFM Goals will be strengthening both external and internal audit capacities for revenue and expenditure units at central, provincial and district levels, upgrading our electronic financial management systems to ensure efficient cash management, timely payments and disbursements, and accurate financial accounting, and strengthening transparency in reporting to decision-makers, so that decisions are based on timely and accurate information. Government will also look to enhance transparency in reporting to the public, through the national assembly, so that the government can be held accountable for how public resources are managed.

PROGRAM 3: STRENGTHENING THE INVESTMENT CLIMATE

Government's Five-year Strategic Benchmark

All legislation, regulations and procedures related to investment will be simplified and harmonized by Jaddi 1385 (end-2006) and implemented by Jaddi 1386 (end-2007). New business organization laws will be tabled in the National Assembly by Jaddi 1385 (end-2006). The Government's strategy for divestment of State-Owned Enterprises will be implemented by Jaddi 1385 (end-2009).

Program Strategy: While improving access to key productive factors, in particular land, skilled labor and finance, the Government will also pursue specific policies aimed at improving the investment climate. In that regard, it will prioritize investments in energy, roads, airports and border facilities as well as short- and medium-term human capital development to ensure that education programs and skills development match the requirements of the market economy. The Government is committed to making the regulatory system predictable, transparent and simple. Labor policies will be reformed to support private sector concerns. We will continue to improve land titling and strengthen the commercial courts system, in order to protect property rights and enforce contracts more efficiently. The full ANDS will look into strategies of how to improve conditions for certain key industries. Currently many potential investment opportunities remain untapped. These include import-substituting activities, traditional exports, construction related activities or infrastructure, utilities and trade related services. The Government is committed to liquidating and/or privatizing those state-owned enterprises (SOEs) that provide services that can and should be delivered through the market.

PROGRAM 5: TRADE

Government's Five-year Strategic Benchmarks

1. By Jaddi 1389 (end-2010), Afghanistan will gain accession to the WTO.
2. By Jaddi 1389 (end-2010), exports benefiting from preferential agreements with US, EU, Japan, Canada, and India will increase.
3. By Jaddi 1389 (end-2010), Government will reduce average import times by 20 days, and export times by 15 days.

Program Strategy: Government will establish an open and transparent business environment, systematically addressing trade and investment barriers. Transit and customs procedures and documents will be streamlined with a view to harmonizing them with the trading partners. The Government will also pursue general trade liberalization and continue its steps to accede to the WTO. Existing transit agreements will be revised and new transit agreements will be negotiated while capacity will be strengthened to implement and monitor the agreements. The Government is also keen to encourage the private sector to become increasingly engaged in trade facilitation. In terms of customs modernization, Government seeks to improve the operational efficiency of customs while curbing corruption. The Government is also determined to move towards full computerization and to develop transparent procedures. Border infrastructure will continue to be improved and new equipment such as port handling and scanners provided.

PROGRAM 6: FINANCIAL SERVICES AND MARKETS

Government's Five-year Strategic Benchmark

Internationally accepted prudential regulations will be developed for all core sectors of banking and non-bank financial institutions by Jaddi 1386 (end-2007). The banking supervision function of Da Afghanistan Bank will be further strengthened by Jaddi 1386 (end-2007). Re-structuring of state-owned commercial banks will be complete by Jaddi 1386 (end-2007). State-owned banks that have not been re-licensed are liquidated by Jaddi 1385 (end-2006).

Program Strategy: Government will continue to improve the legal and regulatory and policy framework for the financial sector while strengthening the human capacity and institutions for implementation. Following the passage of the Central Bank Law and Banking Law, there has been considerable progress in strengthening Central Bank functions and in establishing a viable commercial banking sector. Government is also committed to privatizing the state-owned commercial and development banks. Access to financial services, particularly in rural areas, will be enhanced, and the expansion of microfinance, ensuring access for the poor and women in particular, will be encouraged. Government will also continue to develop the infrastructure for the financial sector, including the domestic and international payment systems. The enabling environment for the establishment and growth of non-bank financial institutions and markets, such as in the area of insurance, leasing and mortgage financing, will be created. Financial supervision will continue to be strengthened for both the formal financial insutitutions and as the informal financial sectors. Progress on banking sector reform will be evidenced through: (i) adoption and implementation by the MoF of a plan for the resolution of the re-licensed state-owned commercial banks (to include dates for the appointment of management teams and re-capitalization and incorporation plans); (ii) adoption of a specific asset management strategy (including liquidation procedures, asset disposal, and resource utilization) for the unlicensed banks; and (iii) issuance of regulations for the registration/licensing and supervision of insurance and other non-banking financial institutions.

PART FOUR: THE IMPLEMENTATION OF THE I-ANDS

This Part explains how Government aims to translate the I-ANDS from strategy to implementation, and how we plan to develop the full ANDS.

BUDGET MANAGEMENT AND I-ANDS RESOURCE REQUIREMENTS

Strengthening the central role of the national budget as the instrument of government policy making is essential to achieving our national development priorities. To achieve that objective we must ensure the effective use of resources that go through the budget. This requires effective resource mobilization and public expenditure management systems that are performance-based (not just input based). Over the short- to medium-term, the Government will focus on improving its financial management and accountability while engaging in aggressive revenue mobilization to limit our dependency on foreign aid to fund the operating budget, and to be able to fund our wage bill by 1389 (2010/11) and the full recurrent budget by 1393 (2014/5). Support for revenue collection must be complemented by aggregate fiscal discipline in setting expenditure levels, with implications for staffing establishments and pay and grading structures.

To improve the effectiveness of the national budget as a tool of government policy, greater coordination of national and external resources is required. Strategies for enhancing aid coordination will be integrated into government plans to strengthen public expenditure and financial management. Four principles will inform the relationship between the I-ANDS and the national budget: (i) the budget will continue to drive both reform and policy direction as embodied in the I-ANDS; (ii) national ownership, control, coordination will remain fundamental to long term success; (iii) public expenditure management skills and disciplines will be promoted across government, and (iv) commitments in the Paris Declaration in relation to enhancing aid management will be promoted.

Government seeks to establish a national budget that is realistic, grounded in sound sector strategies; based on measured and unambiguous budget management guidelines that reflect improving government capacities; increasingly involving provinces and districts in both budget formulation and execution (based on a review of functional assignments to be conducted in 1385 (2006)); transparent and with relevant, accurate and timely information provided to decision-makers, including the National Assembly and the public at large; and made accountable through government internal and external audits.

MAPPING THE SAF COSTING EXERCISE TO THE I-ANDS FRAMEWORK

In order to provide a provisional sector-level costing for the I-ANDS, Government utilized the thorough analysis in *Securing Afghanistan's Future* 1383 (2004) (SAF) to forecast our financial needs for the next five years. Using a set of broad assumptions and realistic costing parameters derived from experience, the SAF model estimated that to make Afghanistan secure and enable its people to live in a typically underdeveloped country, US$ 27.6 billion dollars would need to be

committed over seven years. Two years into the SAF forecast, Government has re-mapped below the figures from the remaining five years of SAF into the I-ANDS programmatic framework in order to provide preliminary costing estimate. This is not a re-costing exercise (which will happen in 1385). Rather it provides an initial indication of Afghanistan's overall needs for the next five years by looking back at SAF estimates.[22]

We believe that while the SAF structure was sufficient for costing purposes, the I-ANDS framework will provide a stronger basis for aligning policies to institutions, strengthening the delivery of services and prioritization of needs. Two important adjustments were made to the SAF figures to better reflect expected costs over the coming years. First, the SAF exercise significantly under-estimated security sector costs, largely because the full pay and grading reviews for ANA had not been finalized, nor had provisional pay scales for the ANP been determined. Second, figures for the operating budget and the domestic revenue in SAF were adjusted based on the MTFF. Table 4.1. below provides the mapped figures.

Mapping of 1385-1389 SAF costing to I-ANDS sectors

I-ANDS Sectors	Original SAF Costing Projection not including adjustments (in US$ million)	Costing Projection including adjustments (in US$ million)
1. Security	1,113	2,800
2. Governance, Rule of Law & Human Rights	749	749
3. Infrastructure & Natural Resources	8,266	8,266
4. Education, Culture & Media	2,546	2,546
5. Health	1,012	1,012
6. Agriculture & Rural Development	2,698	2,698
7. Social Protection	233	233
8. Economic Governance and Private Sector Development	561	561
Total Development Requirement	**17,178**	**18,865**
Total Recurrent Costs	5,872	5,453
Domestic Revenue	(3,578)	(4,489)
TOTAL Required	**19,472**	**19,829**

RESOURCE NEEDS FOR THE I-ANDS

While the figure of US$19.829 billion provides an (adjusted) cost estimate of our national development needs for the next five years (according to the modified SAF exercise), Government cannot simply look at existing pledges and commitments and determine our remaining needs based upon this figure, for at least three reasons: (1) donors did not always

allocate resources according to the priorities identified in SAF. For example, while SAF estimated that at least 50% of external funding should go towards major and rural infrastructure, a significantly lower percentage of funding was actually spent in this sector; (2) the SAF estimates did not always accurately estimate our needs; and (3) the cost of service delivery has often deviated from SAF's estimates. The divergence between how much has been spent and on what versus our estimated needs in SAF will be analyzed as part of the 1385 costing exercise.

The Government expects that *Afghanistan is almost certainly going to require the US$4 billion per year (approximately) envisaged by SAF for the next five years if we are to achieve the goals in the I-ANDS and the Afghanistan Compact.* As our absorption capacity increases and multi-year projects mature from project preparation to implementation, our expenditures will increase as well. It is absolutely essential therefore in fulfilling the goals of the I-ANDS that donors maintain external pledges at least at SAF levels, and pledges are converted into commitments and disbursed without undue delays. On its part, Government will aim to strengthen its capacity to prepare project documentation and manage project implementation with the kinds of cost effectiveness, transparency and accountability that the Afghan people and our international partners expect.

THE UPCOMING COSTING EXERCISE

Within the I-ANDS, Government has determined a set of service delivery benchmarks and outcome targets within the Policy Framework Matrix (Annex 1), which are fully reconciled with the Afghanistan Compact. To the extent that the costs of meeting all the policy framework targets will be higher than available resources, Government will prioritize and sequence investments, based on a set of growth and poverty reduction criteria. Determining the costing requirements of the I-ANDS will involve assessing the cost of service delivery for each of the five year targets of the ANDS, and then costing investment and recurrent costs based on international and national experience. In the full ANDS, Government will also set annual targets, progress against most of which will be monitored on an annual basis. A draft of those targets is presented in Volume II of the I-ANDS and already reflect some of the priorities of ministries and donors, (but will be significantly refined through our full ANDS consultations).

Once the costing of the service delivery benchmarks has been completed and strategic prioritization undertaken, Government will utilize the I-ANDS policy matrix as the basis for determining budget formulation priorities within each annual budget, as part of a rolling expenditure program, and based on the assumed resources available, as determined by the annually updated MTFF. Adjustments will be made each year to address implementation constraints and to reflect improvements in analysis.

ENHANCING AID EFFECTIVENESS

With over 90% of all national development resources currently provided by international cooperation partners, enhancing the alignment of external funding to support the I-ANDS through the budget is vital to reaching our national development targets, including the MDGs. The Afghan Government is committed to improving the effectiveness of external aid in accordance with the Paris Declaration on Aid Effectiveness, recognizing the special security situation in Afghanistan and its implications for donor support. The Paris Declaration urges

donors to strengthen the relationship between national strategies, such as the I-ANDS, and their own strategies. The Declaration highlights the importance of these relationships to increasing the impact that aid has in promoting growth, reducing poverty and distributional inequity, building capacity, and accelerating the achievement of the MDGs. The Monterrey Consensus[2] too stressed the concept of mutual accountability among developing and developed countries in achieving the Millennium Development Goals. At its core is the acceptance of joint responsibility for the delivery of programs of assistance that promote close and coherent work at both the strategic and operational levels between governments and donors. In Afghanistan's case, this involves the need for an enhanced partnership to ensure not just more aid - committed with more certainty over a multi-year period - but a better quality of aid. Better quality aid, however, can only be attained through a tighter compact between the Government and donors. Alignment with the I-ANDS and full ANDS is therefore an irrevocable principle for all donors that will serve to enhance its effectiveness and accountability. In short, enhanced national/international partnership will improve the impact of external aid and donors must therefore systematically benchmark the progress within their preferred sectors or domains, within this framework.

Government recognizes that ongoing donor programs and procedural requirements may constrain the immediate shift of aid resources to better alignment with the I-ANDS. The Government expects, however, that as current donor-funded programs conclude, donors will align their new programs and new funding with the strategic priorities in the I-ANDS. In this manner we expect that that all international assistance programs will become fully aligned with the I-ANDS over time.

Government has developed a set of "aid effectiveness" principles. The aim of the principles is to encourage donors to base their programs on the I-ANDS and fund them within the framework of the national core budget. Working within the budget will help eliminate parallel delivery systems and enhance cost effectiveness by, for instance, simplifying donor procedures. Donors should limit the use of top-up payments that the Government will not be able to sustain. They must rationalize technical assistance and develop performance standards for aid delivery. Donors should help build the Government's capacity to benefit from such policies by supporting anti-corruption measures, improved fiduciary management, and capacity building.

In parallel with these core principles, Government commits to strengthening institutional capacities in both aid coordination through the national budget and the management of data and information for policy making. The progressive development of capacity in related institutional areas, will, in turn, strengthen the capacity of the state to better govern and to justify its request that increasing levels of international assistance flow through Government channels.

COORDINATION AND MONITORING

The I-ANDS is Government's tool to guide and prioritize policy, strategy, budget and operational work plans. Key to the achievement of the shared vision is realigning all current monitoring and coordination efforts to focus on the goals of the I-ANDS. Additionally, monitoring mechanisms for the Afghanistan Compact and the MDGs, both tied to the I-ANDS, will complement and be informed by these existing Government structures, which include the Office of the President, Central Statistics Office, Ministry of Finance, Ministry of

Economy, Geodesy, Central Bank and line ministries.

The I-ANDS standardizes the indicators that track progress towards Afghanistan's key development goals, and this allows for uniform, regular reporting to the Government, the National Assembly, donors, and civil society. Monitoring of the I-ANDS will ensure policy coherence and complementarity of implementation across pillars and sectors to assure that all government activities are reinforcing each other as intended.

The high level focal point for monitoring and policy formulation is the Presidential Oversight Committee. Underpinning and acting as one source of data analysis for the Oversight Committee are the Consultative Groups (CGs), with involvement by key donors and UN agencies. The CGs will be reformed to align with the I-ANDS structure and will have two main functions: they will coordinate the implementation of I-ANDS programs within their sectoral purview, and they will assist in the preparation of the national budget. A temporary ANDS Working Group will support the Oversight Committee during the development of the ANDS, and then evolve into a small support unit for the Oversight Committee. The Oversight Committee will report to the President and the Government and will be responsible for oversight of the day-to-day monitoring of the I-ANDS. Consultative Groups will work with sectoral ministries and collate the data on annual indicators for the support unit. Information and analysis from sub-national monitoring and coordination mechanisms, including Community and Provincial Development Councils, NGOs, Provincial Reconstruction Teams, the private sector, civil society and research units will continue to contribute to the work of all mechanisms.

The new Joint Coordination and Monitoring Board (JCMB) will monitor the firm political, security and financial commitments of the Afghanistan Compact, which is a joint commitment by the Government and International Community. The JCMB will be co-chaired by a senior Afghan Government official appointed by the President and by the Special Representative of the UN Secretary-General for Afghanistan.

The Board will have a small secretariat to work alongside the I-ANDS Working Group, (and, after the full ANDS is prepared, alongside the OSC support unit).[24] The Board will review the implementation of the Afghanistan Compact and take corrective action, as appropriate in order to ensure its full implementation. The annual Afghanistan Development Forum will bring together government and international cooperation partners as well as relevant stakeholders to assess implementation of the I-ANDS, and the benchmarks for the Compact, ensuring adequate funding and coordination of Afghanistan's development programs.

The I-ANDS and the Afghanistan Compact will effectively ensure coherent government strategy only if they empower Afghan citizens to improve their security, livelihoods, and rights. Monitoring mechanisms should be more than a centralized tool for measuring Government performance and service delivery. They should be an institutionalized mechanism for learning from experience and strengthening links between the Government and Afghan society. Afghan citizens must see the monitoring mechanisms as credible instruments to ensure that the Government is: accountable; transparent; and focused on improving the entitlements, rights and economic conditions of all Afghans, regardless of ethnicity, gender, or geographical location.

CONSULTATIONS TOWARDS THE DEVELOPMENT OF THE FULL ANDS

Preparation of the I-ANDS has involved substantial consultation over a one-year period, fostering ownership of the process. Government will build on this foundation as it widens consultations to prepare the full ANDS. The Government aims to use this I-ANDS as the basis for more comprehensive discussions in 1385 (2006/7) and beyond with a wide range of stakeholders, including line ministries, the National Assembly, sub-national administrative units, donors, UN agencies, NGOs, civil society representatives, communities and the private sector. It is hoped that broader and deeper discussion will result in the best possible national strategy for reducing poverty. A strategy that is well-understood enjoys greater ownership and, as a consequence, influences the allocation of resources, policy, institutional reform, and the implementation of programs and projects.

In order for the full ANDS to be grounded upon a solid factual basis which accurately identifies the gaps in poverty data and analysis, consultations, statistical assessments and analysis must take place. In 1385 (2006/7), therefore, the Government will focus upon data collection and initiation of a comprehensive consultation process at the provincial, district and village levels. In 1386 (2007/8), the Government will review the resulting data with a wide array of stakeholders, and complete the full ANDS by Jaddi 1386 (end-December 2007).

The consultation process will consist of five phases

- *(Months 1-3): Phase One, Policy Review & Costing:* The full ANDS will begin with a review of the policies and programs reflected and proposed in I-ANDS Volumes I and II and a full costing of those programs.
- *(Months 4-6) Phase Two, Initiation of data assembly and integration:* The full ANDS process aims to significantly enhance Government's empirical understanding of ground realities. In particular, the Government aims to get a much better understanding of demographic, economic, political and security related realities at the sub-national level.[25]
- *Phase Three (Months 7-12): Data research and consultations with CDCs, the National Assembly and Sub-national administrations, and budgetary review:* While data research is ongoing, the Government will augment its policy thinking and understanding of sub-national realities by engaging in a series of village and provincial level consultations (where time and resources allow, consultations will be held at the district level also).
- *Phase Four (Months 13-18): Data Assembly, review and finalization of the 1386 budget* The results of all policy discussions and data research will be collected and assembled for review and discussion during Phase Four. At the same time, the 1386 budget will be finalized and bilateral and multi lateral discussions held with donors to promote further alignment of their funding with the ANDS priorities.
- *Phase Five: (Months 19-23): Final consultations and presentation of the ANDS.* Based on its data analysis and central and sub-national consultations, as well as feedback from the CG process, the Government will present a draft ANDS for the years 1387-1391 (2008/9-2012/13) for discussion with a wide array of stakeholders, incorporate recommendations, and publish the final ANDS by 10 Jaddi 1386 (end-December 2007).

CONCLUSION

Throughout our history, the name of Afghan has been synonymous with pride, honor, and dignity. We have passed through a time of trial and sacrifice where we feared even to lose the noble name of Afghanistan. Now, with God's help, we have another chance to rebuild our country.

Since 1380 (2001), the Afghan nation has emerged from the ashes of conflict to stand today as a beacon of hope to our people and the world. Much has been accomplished, but far more remains to be done. Our people, in particular our children, now have real hope of living in a time of peace, stability and economic development. The Government must fulfill that hope by planning with vision, leading with strength, and investing with wisdom.

We are grateful for the partnership and generosity of the international community, but we know that generosity cannot last forever. We also know the costs of premature disengagement from Afghanistan. That is why, through this strategy and the Afghanistan Compact, we have renewed our partnership with the international community to complete the work that began in Bonn more than four years ago.

Our vision is to consolidate peace and stability through just, democratic processes and institutions, and to reduce poverty and achieve prosperity through broad based and equitable economic growth. By simultaneously investing across security, governance and economic priorities in partnership with the international community, we aim to ensure that Afghanistan can stand on its own feet as soon as possible.

Our security strategy aims to deliver a state that has the legitimate monopoly on the use of force and uses its power to protect the national and human rights of all Afghans. We will ensure that all our security branches work together to build a national army, police force and intelligence services that can provide security and uphold the law. Our governance strategy aims to nurture a stable constitutional, democratic unitary state where Government is accountable to the people and the public sector at both the national and sub-national levels has the capacity to deliver services to the people.

Our economic and social strategy is to create prosperity and reduce poverty while eliminating narcotics from Afghanistan by creating an enabling environment for legal and equitable, private sector led growth. We will accomplish this goal by prioritizing investments in electricity, roads, irrigation, education, health, private sector promotion, and social protection. If we succeed in this effort, we expected to see targeted economic growth from agriculture, mining, the use of state assets and transit trade.

Our strategy in each pillar is supported by the international community through a set of commitments. The achievement of our 15-year Millennium Developments Goals will be supported by the United Nations and the international community. In the next five years, we aim to move towards those goals by achieving the benchmarks in the Afghanistan Compact with the full political and financial support of the international community. This strategy will only work if both the Government and the international community align our funding and our strategies behind the stated priorities of the I-ANDS.

To assure this national development strategy is the right path for Afghanistan, we are presenting this strategy to the people of Afghanistan for consultation. As it is said in the Holy Quran:

وَأَمْرُهُمْ شُورَى بَيْنَهُمْ

Instruct them to consult among themselves

Only through this consultation can we ensure this strategy is the right one for Afghanistan. As the prophet Muhammad (peace be upon him) has said, "My community will never agree upon an error."

Therefore, we ask all of the elected representatives of the nation, all those who have sacrificed, men and women, the learned *ulama* and spiritual leaders, our respected elders and mothers, the nation's scholars and intellectuals, those living in this land and those who were forced to become refugees, the representatives of civil society, our businessmen and traders, civil servants, technocrats, farmers, artisans, artists, authors, and all others, to study this plan to the best of their ability, to discuss it among themselves, to join hands,[26] and to offer us their ideas on how to improve and implement it. Once again, we must ask the Afghan people to make sacrifices, but this time it is to work together for a better future for themselves and their children. We invite the international friends of Afghanistan to participate in this effort.

Let us all join hands to pursue this noble effort in earnest.

END NOTES

1 Abu Muhammad Abdullah b. Muslim b. Qutayba, Kitab 'Uyun al-Akbar (Sources of Information), 1:9, cited in Linda Darling "Do Justice, Do Justice, For that is Paradise': Middle Eastern Advice for Indian Muslim Rulers," *Comparative Studies of South Asia, Africa and the Middle East*, Vol XXII Nos 1&2 (2002), 3.

2 Muhammad Nizam, "*The Pand-Namah* of Subuktigin," *Journal of the Royal Asiatic Society* (1933): 624, cited by Linda Darling, ibid., 4-5.

3 Constitution of the Islamic Republic of Afghanistan, Preamble, para 1, 6-11.

4 The ANDS Oversight Committee, Presentation to the International Community Jawza 1384 (June 12, 2005).

5 The I-ANDS also aims to meet, and in fact significantly exceed the requirements of an Interim-Poverty Reduction Strategy Paper (I-PRSP). A PRSP is a World Bank and International Monetary Fund requirement for accessing debt relief and concessional loans. The requirements for an I-PRSP are (1) to state the government's commitment to reducing poverty; (clearly stated in Chapter One our vision for Afghanistan); (2) describe the extent and patterns of poverty (mapped in Chapter Three); (3) present the main elements of its existing poverty reduction strategy (laid out extensively in Chapters 5 through 9); (4) summarize programs that assist the poor (in Chapters 5-9 and in more detail in Volume II); (5) a three-year macro-economic framework and three-year policy matrix; (in Annexes 1 and 2 respectively and (6) a consultative process to develop the full PRSP (Chapter 12).

6 Speech at the Opening of the National Assembly (Jadi 1384) (December, 2005).

7 The convening of the National Assembly, in Qaus 1384 (December 2005), also fulfilled the condition for completion of the transitional period as defined by the constitution of the Islamic Republic of Afghanistan.

8 The average life span of women is 44 years and for men 45 years. See generally HDI Report.

9 Government has already taken a step in the right direction by enacting the Mineral Law, 1384 (2005).

10 For details of health and education indicators see the poverty diagnostic in Chapter Three.

11 Over the same period the area of land under cultivation rose to 131,000 hectares, and then dropped by 21% to 104,000 hectares in 1384 (2005).

12 For instance, the *Kabul Declaration of Good Neighborly Relations* of December 2002, and a declaration in Dubai in 1382 (September 2003) to encourage trade, transit and investment cooperation, the *Bishkek Declaration* of 1383 (2004), various agreements under the *Central and South Asia Transport and Trade Forum* (CSATTF) initiative of ADB. There also various existing transit-trade agreements under the umbrella of the Economic Cooperation Organization (ECO).

13 Afghanistan's Millennium Development Goals, p. 77.

14 The Constitution, Article 161.

15 Justice for All, p. 14.

16 Large international companies are welcome to invest, but these are not likely to be a major source of growth in the next few years, except perhaps in the extractive sector.

17 Source: The Government of Afghanistan, Millennium Development Goal (MDG) Report, 2005.

18 There is a popular misconception that the National Solidarity Program (NSP) and other rural development programs are in essence social protection. These programs provide standard/uniform coverage across rural areas and do not target the poorest and most vulnerable groups within rural society.

19 This has been the Government's strategy in the National Development Framework and Berlin Action Plan. It is also mandated under the Beijing Platform for Action that was adopted during the Fourth World Conference on Women and has since been used as a global framework for promoting women's advancement and gender equality.

20 These principles are defined in the UN's World Program of Action concerning Disabled Persons; the Standard Rules for the Equalization of Opportunities for Disabled Persons; the Biwako Millennium Framework for Action towards an Inclusive, Barrier-free and Rights-based Society for Persons with Disabilities in the Asia and Pacific region; and finally, the ongoing elaboration for the International Convention to Protect and Promote the Rights of Disabled Persons.

21 While developed countries usually average a 45-55% ratio of revenues to GDP, and least developed countries 20%, Afghanistan's has historically been (and remains currently) less than 10%. IMF/World Bank, Mobilizing Domestic Revenues in Afghanistan: Structure, Policies, Administration, and Prospects, May 10, 2005.

22 Chapter 9 of the I-ANDS provides detailed explanations of our mapping methodology and caveats on the use of SAF figures for current costing estimates.

23 The Monterrey Consensus emerged from the United Nations Conference on Financing for Development, held in 1381 (March 2002), in Monterrey, Mexico.

24 The ANDS Working Group is a temporary structure which will exist only as long as necessary to develop the full ANDS. Thereafter, it will be dismantled and a small support unit will remain to support the work of the OSC.

25 In this regard, the ANDS Working Group will act as a facilitator rather than data researcher or generator in the data management process. While it is essential that the ANDS Working Group, which is a temporary structure, does not create unnecessary parallel or costly mechanisms, it is also important that it is adequately resourced to perform its facilitation and short-term coordination functions.

26 For all of this, we believe we need to develop a 'Social Compact' of a joint vision and strategy for achieving our goals. The development of the full ANDS will help us formulate such a Social Compact, which would complement the 'Afghanistan Compact' that we have developed with the international community.